

# FROM WASTE TO VALUE

BDI – BioEnergy International AG, Annual Report 2012

BDI for humankind  
and environment





# BDI IN FIGURES

Selected key figures  
as per 31. December 2012

Euro million	2012	2011	Change
Orders on hand (on 31.12.)	24.1	15.1	+59.5%
Sales	29.8	34.7	-14.1%
National	1.1	1.8	-38.9%
International	28.7	32.9	-12.7%
Gross operating result	-0.9	4.6	-
EBIT	-6.7	3.6	-
EBIT margin	-22.6%	10.5%	
EBT	-5.5	4.5	-
EBT margin	-18.5%	13.0%	
Period earnings (after non-controlling interest)	-4.4	4.2	-
Balance sheet total (on 31.12.)	75.0	86.2	-13.0%
Equity (on 31.12.)	50.7	55.0	-7.8%
Equity ratio (on 31.12.)	67.6%	63.8%	-
Cash flow from operating activity	-6.2	4.9	-
No. of employees (on 31.12.)	132	144	-8.3%
Non-financial performance indicators			
Lead time for major orders BioDiesel	12-22 months	12-22 months	
Lead time for major orders BioGas	12-16 months	12-16 months	
No. of major orders processed	6	7	

# THE YEAR 2012 AT A GLANCE

Sales and earnings burdened by a difficult market environment

- Sales decline by project delays
- Impacted earnings by higher project costs and special items

Successful implementation of international contracts

- Construction of a BioGas plant in France / Etampes
- Extension of the existing BioDiesel plant in Hong Kong
- Construction of the largest BioDiesel plant in France

Order book grew significantly

- New contract to upgrade BioDiesel plant in Portugal
- Engineering order in Europe and US

Investment in the technology leadership

- New pilot plant bioCRACK in co-operation with OMV
- Future projects in the biomass-to-liquid and algae biotechnology

Future growth through strategic development

- From waste to value concept
- Wide range of core skills in the green-tech sector
- Renewable energy directive focuses on the recycling of waste materials







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# LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,  
dear Employees,  
dear Sir or Madam,

willingness to invest in the renewable energy field is decreasing in spite of growing demand, because the general political and economic conditions continue to be difficult. Uncertainty in the biofuel community has increased considerably due to the ongoing "food vs. fuel" debate. There is in the meantime such fierce criticism of the use of renewable raw materials for fuel production that Austria has also shelved the introduction of E10 bioethanol– which was planned in 2012 – now.

The European Union has responded to the difficult situation and has started to revise the Renewable Energy Directive (RED) and the Fuel Quality Directive (FQD) with the aim of adopting them in 2013. In this context, the EU Commission intends to maintain its mandatory target of reducing CO2 emissions by at least 16% and increasing the proportion of energy accounted for by renewable sources to 20% by 2020, although it plans to take stricter new requirements on the sustainability of the individual types of biofuel into consideration.

The target of biofuels accounting 10% of consumption in the transport sector in 2020 is, for example, to achieve to equal extents by first-generation biofuels (e.g. vegetable oil BioDiesel, corn bioethanol) and second-generation biofuels (e.g. BioDiesel based on residual and waste materials, lignocellulose BioDiesel/bioethanol). Second-generation BioDiesel is being upgraded here, because it is to count double towards the target of CO2 reduction when residual and waste materials are used and is to count as much as four times over when raw materials containing lignocellulose are used. This means that the planned amendment of the RED will lead to preference for biofuels based on waste and lignocellulose as well as to stricter evaluation of the sustainability criteria for biofuels. These two developments will boost BDI's waste-based biofuel products (FAME, TME and waste-generated BioGas) and will therefore approve our from waste to value business model and our bioCRACK development-project.

The planned upper volume limit of 5% for conventional, agricultural product-based fuels (RME, bioethanol) and the stricter sustainability requirements for biofuel production in future suggest that there will be demand for RetroFit projects for existing vegetable oil plants. Only with RetroFit – our optimization program for plants and non BDI-technologies, vegetable oil BioDiesel plants will be able to comply with the anticipated regulations about greenhouse gas reduction potential is to increase the raw material range to include the processing of used cooking oil or animal fat as additional raw materials.

BDI started with a major RetroFit commission (total order volume: about € 3.6 million) into the new year 2013. This new commission is further confirmation that there is increasing international demand for RetroFit technologies from BDI.

In spite of the difficult economic situation in Europe at the present time as far as the funding of industrial projects in the renewable energy field is concerned, we succeeded in convincing the local banks which are providing funding that our RetroFit programme will lead to a sustained improvement in the economics of the existing BioDiesel plant and that the investment will pay for itself quickly. Following modification of the outdated BioDiesel technology, the plant will have considerably higher raw material flexibility and the BioDiesel manufactured will satisfy the stricter quality requirements in future in every respect.

We can report about success in the BioGas field as well. In the third quarter, BDI completed a Multi-Feedstock BioGas plant with an order volume of € 4.45 million in Etampes/ France. The purpose of the plant is to process food waste energy-efficient and supply 4 000 households with renewable energy. The plant was handed over to the French customer and represents an important reference project in an European market for industrial BioGas plants that has a promising future.

Our current orders on hand total € 24.1 million, which is 59.5 % higher than in the previous year. Another Bio-

Diesel project and the optimisation of an existing Bio-Gas plant are at the top of our project pipeline. Combined with the successful implementation of the cost-cutting programme and the strategic extension of our focus in future, this development makes us optimistic that we will be able to return to the success achieved in the past following the transition year in 2012 – the basis for the successful development of our business model is laid.

With our technologies and products, we are making a major, ongoing contribution to the maintenance of an intact environment. Our concept involves the environmentally sound production of BioDiesel and BioGas with a minimum of resource input. BDI stands thereby for the sensible recycling of residual and waste materials with the aim of creating sustainable new resources.

We stand for from waste to value and are doing everything in our power to implement this strategy effectively, so that you – our shareholders, employees and partners – will be able to join with us again in enjoying the success achieved by our company.

Kind regards,



Dr. Edgar Ahn, CSO



Dagmar Heiden-Gasteiner, MBA, CFO



Markus Dielacher, MSc, CTO

# REPORT BY THE SUPERVISORY BOARD

The Supervisory Board of BDI – BioEnergy International AG carried out the assignments for which it is responsible according to the legal regulations and the articles of association in the 2012 fiscal year. It held five Supervisory Board meetings and one additional formal meeting in this fiscal year. In the context of the official reporting system and in extensive reports presented at all the meetings, the Management Board kept the Supervisory Board informed about the business and financial development of the Group and its equity interests, strategy, the personnel situation, investment projects as well as process- and risk management. Consultants, appointed by the board, were contracted to board meetings to specific agenda items and heard by the Supervisory Board.

The audit committee held two meetings in the past fiscal year to review the 2011 financial statements and consolidated financial statements and to prepare the adoption of the financial statements, on the one hand, and to review the internal processes and control systems, particularly project controlling, on the other hand.

The bookkeeping records, the annual financial statements and the management report as well as the consolidated financial statements and the consolidated management report for the 2012 fiscal year were audited by PwC Wirtschaftsprüfung GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The audit did not lead to any objections being raised. The auditors confirmed without any qualifications that the annual financial statements prepared in accordance with the Austrian Corporate Code (UGB) and the consolidated financial statements prepared in accordance with the IFRS comply with the relevant accounting standards and present as faithful a picture as possible of the asset, financial and earnings development of the company.

Following a detailed advance review by the audit committee, the Supervisory Board confirmed the outcome of the audit by the auditors in the course of its own independent review. It approved the annual financial statements prepared by the Management Board, which have therefore been adopted in accordance with § 96 Paragraph 4 of the Companies Act (AktG). The management report, the consolidated financial statements, the consolidated management report and the corporate governance report were noted with approval by the Supervisory Board. The Supervisory Board agrees with the proposal made by the Management Board about appropriation of the profit for the year.

The Supervisory Board proposes to the Annual Shareholders' Meeting in accordance with § 270 Paragraph 1 of the UGB that PwC Wirtschaftsprüfung GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, is appointed to be auditor of the annual financial statements and consolidated financial statements for the 2013 fiscal year.

The Supervisory Board would like to express its thanks to the company management and all employees for their work and for their commitment in the past fiscal year, which was marked by a difficult business environment, and wishes them good luck, to cope with the upcoming challenging assignments.

Grambach, March 2013

For the Supervisory Board:



Dr. Gunter Griss, Chairman

**The Supervisory Board would like to express its thanks to the company management and all employees for their work and for their commitment.**







# PRODUCTS AND SERVICES



BDI – BioEnergy International AG develops technologies for the generation of energy from by- and waste products while minimising resource input at the same time. The company's core skill is therefore from waste to value. BDI is a leading manufacturer of special plants that supplies customised, turnkey BioDiesel and BioGas plants based on the Multi-Feedstock Technology developed by the company itself.

The BDI added value chain includes all the different stages of special plant manufacturing: from research & development to engineering, construction and after-sales service. We have a research centre of our own in which we carry out extensive testing. After-sales service is provided so that customers can operate the plants fully effectively.





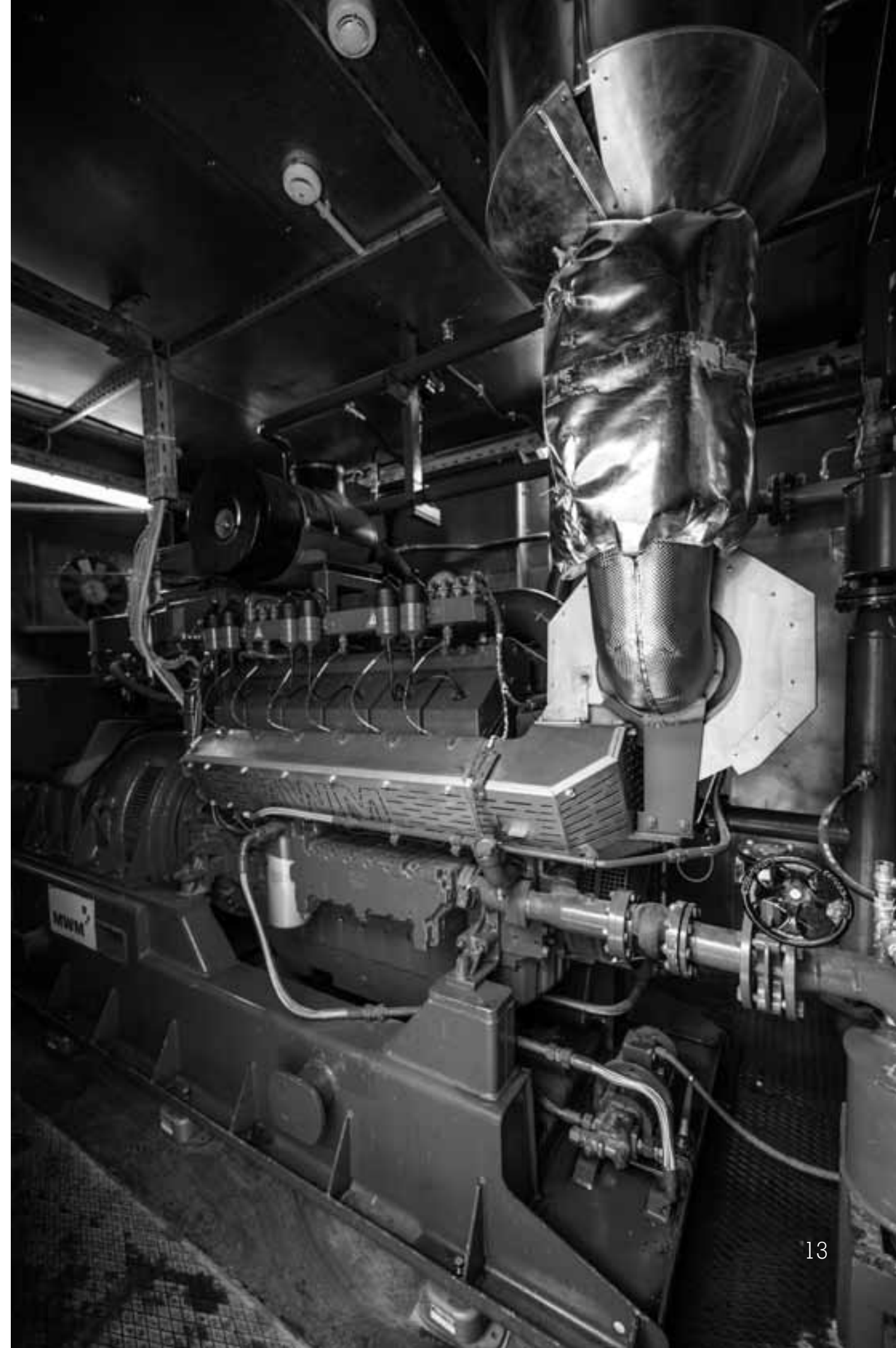
# BDI BIODIESEL PLANTS

## Multi-Feedstock – raw material flexibility

BDI is market and technology leader for the construction of customised BioDiesel plants that operate by the Multi-Feedstock process developed by the company itself. This patented technology was developed to convert a wide range of different raw materials, such as animal fat, used cooking oil, grease trap waste and vegetable oils into high-quality BioDiesel that is better than required by the strictest quality standards (such as EN14214 and ASTM D6751). This technology has no restrictions on the FFA content – all of the free fatty acids are converted into BioDiesel. A yield of up to 100% is possible as a result. The unparalleled flexibility in raw material input, the maximum possible yield, the quality of the product, the low operating and maintenance costs and the proven reliability of the BDI plants guarantee maximum economic performance.

## RepCat technology – no FFA limits

BDI developed the RepCat technology for the processing of raw materials with high free fatty acid content. The very innovative RepCat process is able to process raw material with up to 100% free fatty acids (FFA). Another feature that makes it stand out from other industrial processes used in the past is the production of an absolutely salt-free glycerine quality with a minimum glycerine content of 95% thanks to the comprehensive recycling of the catalyst. This fact makes the glycerine produced an easily marketed product that is in great demand for many different applications in other industrial areas.



# BDI BIOGAS PLANTS

BDI supplies state-of-the-art solutions in the anaerobic fermentation field too. BDI's Multi-Feedstock BioGas-Technology is designed for industrial and municipal users. Many different raw materials like organic waste or by-products of the food processing or biofuel industry can be used as feedstock. Thanks to an extremely reliable and stable biotechnological process and compact dimensions, BioGas can be produced economically on an industrial scale with this system.

## Integrated from waste to value system

BDI supplies an integrated from waste to value system by combining BioDiesel and BioGas plants. The system is environmentally sustainable and inexpensive – and it produces no waste. By-products or waste from different industries or directly from biofuel production are converted into bioenergy.



# BDI RETROFIT

BDI modernises and optimises existing BioDiesel plants: implementation of the RetroFit programme developed by BDI on large existing plants increases raw material flexibility and BioDiesel quality. Lower-quality raw materials like used cooking oils, animal fats and grease trap waste can be processed afterwards too. BDI's BioDiesel distillation process makes sure that the quality of the BioDiesel produced remains consistently high even when the raw materials processed are of inferior quality.







# MISSION, VISION AND STRATEGIC OBJECTIVES

## Mission

"We supply concepts and plants for the environmentally sound generation of energy from residual and waste materials. Our aim is to continue pioneering innovative solutions for the protection of our environment and to act as a good corporate citizen by doing so. We enable our customers to be environmentally responsible in their operations too."



Vision

"BDI is the global market and technology leader for solutions and concepts that obtain valuable resources from residual and waste materials and thus create added value for people and the environment.

This applies not only to the production of BioDiesel and BioGas but also to the extension of the business model to include environmental protection and the minimisation of resource input as additional objectives."

Strategic objectives

BDI aims to achieve ambitious objectives:

Successful stabilisation of the BioGas operations in 2013

Establishment of the company as the global market leader and technological pioneer with BioDiesel plants for processing difficult, lower-quality feedstock like residual and waste materials

Substantial increase in market share with BioGas plants by 2015

Increase in sales via growth of the existing product range – BioDiesel, BioGas, fine vacuum distillation

Positive overall earnings for 2013 and growth in 2014 and 2015

Expansion of the core green tech skills via R&D innovation and acquisitions







# RESPONSIBLE OPERATION – BDI'S SUSTAINABILITY CONCEPT

- 22 BDI stands for environmentally responsible energy with a sound future
- 26 Increasing sustainability via research & development
- 30 Environmental sensitivity in BDI's operations
- 36 Responsibility for our employees and society

Customers were interviewed about using BDI technology in practice in 2012. You can read the complete interviews on our website ([www.bdi-bioenergy.com/sustainability](http://www.bdi-bioenergy.com/sustainability)).

# BDI STANDS FOR ENVIRONMENTALLY RESPONSIBLE ENERGY WITH A SOUND FUTURE

Sustainability is a concept that is a key feature of the business model BDI implements as market and technology leader for the construction of Multi-Feedstock BioDiesel and BioGas plants: ever since it was established, the company has focussed on renewable energies and the development of production processes for biofuels, the use of which reduces the consumption of fossil fuels and thus environmental impact. In this context, BDI has concentrated in particular on the processing of residual and waste materials, such as used cooking oils, animal fats or organic waste.

Our products are based on the philosophy that the challenges we face in the energy supply field cannot be tackled successfully with solar, wind and hydrogen technologies or other alternative energy sources alone; what is needed instead is the combined use of the different environmentally sound energy sources.

As a result of its intensive research and development operations, BDI has succeeded in assuming a pioneering role with in-house technologies and in regularly finding new raw materials that are suitable for the generation of energy. Thanks to the Multi-Feedstock Technology, BDI plants do not process food into BioDiesel or BioGas; sensible use is instead made of residual and waste materials. With its from waste to value philosophy, the company is helping to improve environmental performance considerably.

## Our competitive edge: Multi-Feedstock Technology

It is an undeniable fact that BioDiesel is an environmentally sound fuel. Conventional production of BioDiesel is still considerably more expensive than the production of conventional diesel or heating oil, however. Since raw material (feedstock) costs account for almost 86% of the total costs of BioDiesel production, inexpensive procurement and thus the choice of raw materials are very important factors. Waste products are raw materials for BioDiesel production that can be bought inexpensively.

BioGas is also produced with the BDI technology via the bioenergetic processing of difficult industrial waste. This industrial waste is available as a raw material throughout the year with no seasonal fluctuations. Thanks to the innovative technology, the dimensions of the plants can be kept small, which makes the generation of energy particularly economic.

A blend of methane and carbon dioxide – known as BioGas – is produced in BDI BioGas plants during the anaerobic fermentation process. BioGas can be used in many different applications: as fuel for vehicles or to generate electricity or heat. The digestate is another valuable product that is produced in BioGas plants alongside BioGas. The digestate can be used as agricultural fertiliser. Further processing involving the separation of solids from the liquids (mainly water) is also possible. The liquid fraction can be processed

## Energy from organic waste

Up to now, organic waste has been disposed of at sea in many countries, because there are in some cases regulations that prohibit the disposal of biogenic waste on landfill sites. In some countries, it is not in the meantime allowed to spread the digestate from BioGas plants on fields either. This means that BDI's technology is not just the solution to a disposal problem; it also reduces environmental pollution.

Every human being is a source of organic waste – 250 kg of biomass per person and year on average. At least a third of this can be treated in such a way that the production of BioGas is possible with it. The properties of the waste that is collected are not always the same; they depend on many different general conditions, such as the time of year. The preparation of BioGas substrates is therefore a crucial process and the technology it is based on is of major importance.

biologically into valuable clean drinking water. The production of BioGas from waste also helps to reduce greenhouse gas emissions and generates CO2 certificates.

The combination of BioDiesel and BioGas technologies facilitates the exploitation of synergy benefits. The renewable energy yield is increased – while comprehensive use is made of waste flows at the same time.

## Processing of lower-quality raw materials

BDI specialises primarily in lower-quality raw materials that are difficult to process. Such raw materials often accumulate in various industries as by-products or waste flows and are used to create further value via BioDiesel production. These raw materials include:

Used cooking oils – from restaurants and food production

Grease trap waste – from restaurants and food production

Animal fats – from rendering plants

PFAD (Palm Fatty Acid Distillate) and PSO (Palm Sludge Oil) – by-products of palm oil production

It goes without saying that virgin vegetable oils can also be processed with BDI technology. The raw materials with which our technology can be used can, for example, also be grown on wasteland or contaminated agricultural land where food production is not permitted.

Examples of the types of waste used in BioGas production:

Organic waste  
e.g. kitchen waste, municipal biowaste, packaged food products after their expiry date

Agricultural residue  
e.g. liquid or chicken manure

By- and waste products from food production  
e.g. slaughterhouse waste, brewer's grain, whey from the dairy industry

By-products of the biofuel industry e.g. mucilage, distillation residue, glycerine phase



## Responsible management of risky materials

The use of animal fats in BioDiesel production is closely associated with the BSE problem, that led to a ban on the use of bone meal in animal feeding throughout the EU as long ago as 1994. In addition to technical restrictions, there are also general legal conditions governing the use of animal fats in the categories that are risky materials according to legal findings. The use of animal by-products that are covered by EC Regulation No. 1774/2002 involves additional official procedures and the need for operating controls. In this context, BDI has mature, patented production technology, which enables risky materials (Category 1 and Category 2 fats) to be used in BioDiesel production too. Our technology was examined and classified as safe by EFSA (European Food Safety Authority) in 2004. This was supplemented in 2005 by the Commission Regulation, which gave official approval to our production process for Category 1 raw materials.

Not only animal fats but also used cooking oils are available in large quantities. About 3.7 kilograms per capita of used cooking oil are produced in Austrian households per year. This therefore adds up to the theoretical potential of about 38 850 tonnes, only 4 % of which are actually used at the present time. This used cooking oil was disposed of in the past via the sewage system and became therefore a problem for sewage plants and waste water processing facilities. Far more used cooking oil is produced industrially – and it can already be reused. The potential in Austria is estimated to amount to 70 000 to 80 000 tonnes of oil per year. Experts suggest that about 50 000 tonnes of used cooking oil are currently collected in Austria and processed in the BioDiesel industry.

## Minimisation of waste in production

In the course of their use (e.g. frying) and/or due to chemical decomposition processes when they are stored improperly or for long periods of time, the quality of vegetable oils and fats deteriorates. This leads to a higher content of free fatty acids – a product that forms when fats and oils decompose. These substances cannot be converted directly into BioDiesel in conventional BioDiesel production processes and lead therefore to considerable production problems, e.g. due to saponification, or to waste flows. Free fatty acids are therefore generally removed before the BioDiesel production operations, which leads to a reduction in final product yield, that – in turn – has an adverse impact on the overall economic viability of BioDiesel production. used cooking oil, used animal fats and grease trap oils contain a particularly large proportion of free fatty acids.

Our technology is not subject to any restrictions as far as use of the free fatty acid content is concerned – all of the free fatty acids in the raw material are converted into BioDiesel. This means that a yield of up to 100% is possible, with the result that practically no waste is produced in BioDiesel manufacturing. Another difference from conventional industrial processes: due to the choice of a special catalyst, catalyst residue is left over at the end of the BioDiesel process as solid fertiliser that can be sold – this residue is left over as a waste flow in rival processes. Comprehensive recycling of the catalyst used is possible with the BDI technology too. The glycerine that forms as a by-product in this process is of particularly high quality and is salt-free, so that it helps to create additional value. This fact makes the glycerine that forms an easily marketable product that is in great demand for many different applications in other areas of industry. The targeted upgrading of this by-product flow makes sure in turn that a waste flow is avoided that could not be recycled.

# SUSTAINABLE PRODUCTION PROCESSES

## Material input

The Multi-Feedstock Technology makes it possible for customers to use a wide range of different raw materials, so that the economic performance of plants is improved. The production process was developed not only to produce BioDiesel but also to avoid waste and to manufacture viable by-products that are either recycled in the production process or can also be sold.

is a small amount of nitrogen, that is lower than the legal limit. There are practically no odour emissions thanks to use of the best technology..

## Energy consumption and CO2 emissions

When the plants are being designed, steps are taken to make sure that they are planned to be energy-efficient and to recover as much as energy as possible for reuse in the process. No fossil fuels are used to generate process heat in the production process, as by-products of the BioDiesel manufacturing process are used for this purpose. The only emission to which this process leads

## Water/waste water and other waste

Waste water and other waste material flows are avoided in single-feedstock plants by providing optimised closed-loop systems within the production process. No waste apart from waste water is produced in Multi-Feedstock plants either and the waste water is easy to process in a sewage plant. The only waste material left over after the production process is the packaging used for the potassium hydroxide that is needed. The big bags involved are, however, returned to the supplier, where they are reused. The combination of BioDiesel and BioGas plants for waste recycling guarantees optimum substrate management.

Responsible operation  
BDI stands for environmentally responsible energy with a sound future

## Reduction of greenhouse gas emissions

In its "Directive 2009/28/EC on the promotion of the use of energy from renewable sources", the EU calculated the reduction in greenhouse gas emissions that can be expected by comparison with fossil energy sources for various raw materials that are used in BioDiesel and BioGas production. In this context, BioDiesel produced from waste vegetable oils (e.g. used cooking oils) and from animal waste (e.g. animal fat from rendering plants) performs considerably better than other raw materials, with potential CO2 savings of 88% compared with conventional diesel.

Biofuel production pathway	Typical greenhouse gas emission saving
Biogas from municipal organic waste as compressed natural gas	80%
Biogas from wet manure as compressed natural gas	84%
Biogas from dry manure as compressed natural gas	86%
Waste vegetable or animal oil BioDiesel	88%

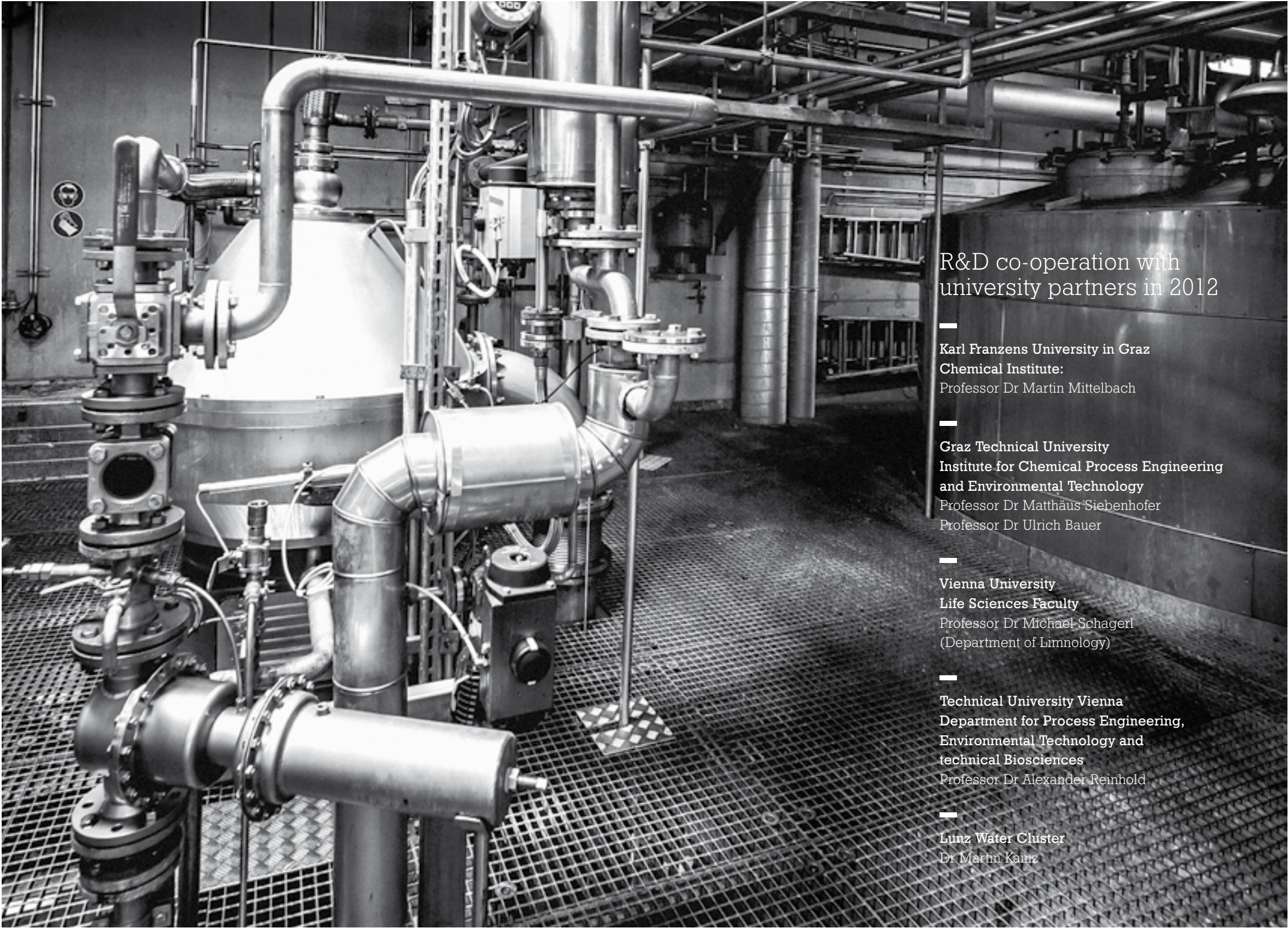
Tab.1: Exerpt from Annex V, Directive 2009/28/EC

## Increasing sustainability via research & development

Ongoing development and optimisation of our environmentally sound technologies that minimise resource input have high priority at BDI. A team with a total staff of 16 focusses its skills and know-how on implementing this assignment at our research laboratories. We also co-operate with universities and other scientific institutions.







R&D co-operation with  
university partners in 2012

—  
Karl Franzens University in Graz  
Chemical Institute:  
Professor Dr Martin Mittelbach

—  
Graz Technical University  
Institute for Chemical Process Engineering  
and Environmental Technology  
Professor Dr Matthäus Siebenhofer  
Professor Dr Ulrich Bauer

—  
Vienna University  
Life Sciences Faculty  
Professor Dr Michael Schagerl  
(Department of Limnology)

—  
Technical University Vienna  
Department for Process Engineering,  
Environmental Technology and  
technical Biosciences  
Professor Dr Alexander Reinhold

—  
Linz Water Cluster  
Dr Martin Kainz

One example of our current research projects is **bioCRACK**, an innovative new process for the production of biogenic biofuel: instead of adding Bio-Diesel to the fuel, as has been the case in the past, the fuel will be given up to 20 per cent organic content in future – with this already being done during the refinery process.

In this case, BDI uses a by-product of the mineral oil industry and solid biomass to manufacture high-quality fuel. Renewable raw materials like wood or straw are mainly used here. The technology developed by BDI will enable the mineral oil industry all over the world to improve sustainability, minimise resource input and operate in a more environmentally responsible way by using biogenic fuel components in the established production processes. Within the next three years, this innovative new process will be optimised in co-operation with an international mineral oil company to the stage at which it is ready to be marketed.

Further information about research and development at BDI can be found in the "Research and development" chapter of the management report.



# ENVIRONMENTAL SENSITIVITY IN BDI'S OPERATIONS

The sustainability concept plays an important role at BDI not only where the products are concerned but also in the company's general day-to-day activities. This is reflected in many different areas.

Between 2003 and 2008, for example, our corporate headquarters in Grambach was built in three stages with the focus on minimisation of environmental impact and resource input as well as on regional procurement. Particularly close attention was paid to the following points in the construction process:

Optimum utilisation of space

Lightweight partition wall structures to guarantee maximum flexibility

Use of regional construction materials, with the aim of facilitating environmentally sound recycling

Use of wood as a renewable raw material wherever possible and appropriate

Responsible water management via rainwater drainage shafts

Observance of the latest standards with respect to the energy required for room heating and cooling

Heating based on environmentally sound energy generation via district heating, with distribution of heat in a low-temperature system for optimum exploitation of heating energy

Individually controllable protection against the sun on the office windows to reduce energy consumption when cooling the rooms

Natural lighting in offices and corridors by installing large windows and glass panels in office doors

All rooms (including toilets) handicap-accessible, wheelchair-accessible door openings

Fully equipped kitchens, amenity rooms, a relaxation room and a fitness room for staff

### Our office material

is stocked in appropriate amounts by our central purchasing department. We make sure that as few business documents as possible are printed out, so that environmental sensitivity is guaranteed in this area too. Our printouts are not produced immediately by the printer; they have to be confirmed on the printer by entering a pincode. Accidental printing is avoided as a result. Empty toner cartridges are collected and made available to a charitable organisation that helps to fund children's cancer aid with the proceeds of cartridge recycling. We keep files in digital form wherever possible, e.g. our monthly payslips are transmitted electronically to our employees

### Our hardware

is only bought in most cases if it has EPEAT certification. The environmental certification system of the Green Electronics Council specifies certain criteria for the entire product life cycle. They include reduction of toxic materials in production of the equipment, transport packaging, energy consumption in operation and recyclability.

### Our company vehicles

are fuelled at our own BioDiesel pump. Our staff can refuel their private vehicles there too.

### Our business trips

are taken by public transport (e.g. by bus or train) wherever possible. Beforehand, however, the necessity of every business trip is checked, in order to avoid unnecessary costs and environmental impact. We use video and telephone conference systems in many cases.

### Our transport distances

are shortened by giving priority to local suppliers.

### Our annual report

has been printed by climate-neutral and environmentally sound processes since 2009. We chose the printing company on the basis of environmental standards. The paper used is PEFC-certified. This international certification system confirms that environmentally, economically and socially responsible forest management has been applied in production of the paper. Environmentally sound inks and auxiliary printing materials manufactured on a purely vegetable basis are used for printing purposes. We have compensated for emissions during printing by buying environmentally efficient emission-reduction certificates relating to acknowledged climate protection projects.





## Environmental data: utilisation of renewable energy sources

Environmental criteria and transparency play an important role in our energy and water consumption too. We disclose the consumption of electricity, water and district heating as well as waste and waste water volumes, for example.

BDI buys green electricity from local energy supply companies. The electricity breakdown is composed as follows:

- 89.19% hydroelectric power
- 4.73% wind energy
- 4.68% biomass
- 1.24% BioGas
- 0.10% landfill site and sewage plant gas
- 0.06% solar energy

Our energy consumption in 2012 could be reduced by cost-savings and optimisation measures.

Electricity	2010	2011	2012
Consumption (in kWh)	340 763	355 333	283 491
Consumption (in Euro)	42 474	44 856	35 282

Water	2010	2011	2012
Consumption (in m³)	3 126	2 679	2 143
Consumption (in Euro)	3 929	3 366	2 780

District heating	2010	2011	2012
Consumption (in gWh)	368	375	271
Consumption (in Euro)	25 985	26 976	21 080

## Minimisation of waste volumes

Waste disposal has great environmental impact. Even more returnable containers and packaging are therefore being used in our laboratory and testing hall in future – wherever this is possible and economically sensible. We are also working on a solvent recovery system, so that the solvents recovered can be used for further experimental purposes.

Our staff are informed about environmental issues and are instructed to separate waste correctly at all times. We are working on the assumption that we will be reducing the amount of waste produced by BDI to a not inconsiderable extent by taking the measures outlined here.

Waste volumes  
Non-hazardous waste

Waste category as specified in ÖNORM S 2100	Volume per year (kg)	Internal waste handling
Paper and board	6 000	Waste press at the company to reduce volume
Plastics packaging	200	Waste press at the company to reduce volume
Glass	200	
Metal	50	
General municipal waste	3 000	
Biologically degradable kitchen and canteen waste	50	
Grease and oil from oil traps	5 000	

Hazardous waste

Waste category as specified in ÖNORM S 2100	Volume per year (kg)	Internal waste handling
Organic halogen solvents, washing fluids and mother liquors	110	Storage in a fire-resistant chemical cupboard
Other organic solvents, washing fluids and mother liquors	172	Storage in a fire-resistant chemical cupboard

Responsibility for our  
employees and society

Our staff are our most important asset. The position we hold as technology leader means that their skills and know-how are crucial. Staff qualifications are playing an increasingly important role in view of the company's internationalisation strategy.

We hold regular internal interviews – that are evaluated by an external company – to increase staff satisfaction. Development potential and possible training measures are discussed at individual employee appraisal meetings.

Employee statistics	2010	2011	2012
Number of employees	137	144	132
Percentage of female employees	37 %	41 %	42 %
Percentage of university graduates	38 %	43 %	50 %
Percentage of staff who have AHS /BHS qualifications	36 %	36 %	32 %





## Knowledge management

Knowledge is any company’s intellectual capital. The organisation and structuring of the knowledge available are one of the factors that determine market success.

We have introduced a knowledge management system to increase this intellectual capital and make it available at the company. Knowledge and information are provided and stored at BDI via an intranet platform, so that prompt retrieval is possible. There is an employee in every department who is responsible for managing specific departmental knowledge and to optimise reporting.

Knowledge that relates to more than just individual projects is recorded in a process manual that can also be accessed via the intranet. This means that all the necessary documents, templates and standards are allocated to the relevant processes and are linked in the process manual flowcharts. Standards, directives and specifications that all employees need and have to be available for retrieval at all times are administered and made available centrally in the quality management department via the intranet.

## Basic and advanced training programmes

Our “Inspire BDI” development programme was introduced in mid-2011 to make sure that the existing know-how is maintained and to develop the skills of young

employees. This programme offers individual training opportunities. Our project managers generally receive IPMA training, while some other staff are trained to become quality managers with certification of their compliance with ISO standards.

The technical career path is designed for staff from the engineering fields and offers them professional development in the context of a career as an expert. The contents of the training provided focus on technical and methodic skills.

The high-potential programme is designed for particularly committed and ambitious employees, who are keen to assume a management role. It is also meant for staff with above-average achievements and high flexibility with respect to company requirements. The emphasis in this programme is on increasing management skills and providing additional, in-depth technical expertise for new interdisciplinary functions.

The development opportunities for our staff at the company are defined in regular staff interviews and appropriate training measures are specified. These measures enable personal development to be continued in another area of expertise that goes beyond the current field.

Training budget (2010 – 2012)

2010	120 000 Euro€
2011	141 000 Euro€
2012	221 000 Euro€

## Work-life balance

Our employees' work-life balance is very important to us. We aim to provide scope for individual freedom here. Our flexitime rules help to promote flexible working times. Since we maintain a very family-oriented corporate culture, , we support our employees in difficult private situations too. The option of taking time off for training purposes was exercised to a particularly large extent in 2008 and 2009, the years when the crisis hit hardest.

We have various part-time schemes to help mothers and fathers to return to work after parental leave. We are developing a guide about this for our staff and management, so that qualified resources can be planned better and deployed more effectively.

## Diversity and equal opportunity

Personnel diversity is of great importance to us at BDI. The differences associated with this help us to make progress at our company and with our technologies day in, day out. All employees therefore have the same opportunities and rights – irrespective of sex, age, origin or opinions. One outcome of this was the State Prize for Equal Opportunities in Research and Development that we were awarded by the Austrian Minister of Transport, Innovation and Technology in the autumn of 2009.

We are very proud of the fact that women account for 42% of our staff at the moment. Together with our corporate partner VTU, we participate in the annual Girls' Day, with the aim of finding potential female recruits. This day helps not only to broaden girls' horizons with respect to the plans they make for their lives and careers but also to increase the percentage of female employees in technical professions. When this day is held, we give schoolgirls who are interested insights into different professions.

**In October 2010, we placed second in the “Austrian Leading Company Award” as one of the most successful medium-sized companies in Styria.**

## Occupational health and safety

Our employees' health is very important to us. We provide our staff a pleasant and healthy working environment as the basis for this. At our environmentally sound corporate headquarters with rooms that have plenty of light, air-conditioning and windows, we also provide fully equipped kitchens with dining tables on every floor. Our staff can relax in attractive gardens with trees, flowerbeds and fountains around our buildings.

## Health promotion

The focus in our occupational preventive health care activities in 2012 was on stress reduction programmes. We are promoting sports activities (e.g. fitness room for use free of charge, sports excursions together are being organised etc.) and are keen to increase our activities on an ongoing basis. The health promotion measures that are already being implemented include the following:

- Organisation of an annual health day
- Back fitness programme
- Regular biofeedback result analysis and an individual relaxation programme
- Monthly opportunity to consult an occupational physician and vaccination campaigns (vaccination record check)
- Provision of organic lunchtime meals
- Vision test and eye training

## Safety and health protection

Occupational safety has top priority. We have been able to implement an extensive safety and health protection system successfully at our company, as confirmation in 2011 of the SCC certification obtained in 2007 has shown.

We appointed a safety and health protection officer in 2009. A comprehensive organisational structure and an internal information platform have been introduced to improve the quality of the protection provided. Our employees participate regularly in training courses and workshops about safety-related issues.

The accident statistics compiled in accordance with the SCC rules show that BDI provides comprehensive protection for its employees at the workplace. As in the previous years, there were no accidents at work and thus no days lost because of this in 2012.

## Participation in company success via a bonus system

We want our employees to participate in the success we achieve together, so we have created a pension fund system for all our staff. Our bonus system is based on our corporate goals and the personal objectives of the staff.

## Commitment to social responsibility

A commitment to social responsibility is right in line with the values that influence the entire company. We have specified areas in which BDI wants to be actively involved. They include children, young people and the promotion of training.

It is our conviction that "our future will be determined by our children". Protection, development and encouragement of them are therefore the focal points of our commitment to social action. Throughout the year, BDI gives schoolchildren and students the opportunity to familiarise themselves with everyday working life at our company, to supplement what they have learned via placements and to implement scientific theory in practice. In the research and development field, BDI participates in the "generation innovation" programme, in order to make young people aware of the potential there will be in future for appropriate experts. In the context of the annual "Girls' Day", we encourage girls to choose a technical profession.

Instead of spending money on Christmas presents for business partners, the company gives donations to organisations that protect socially disadvantaged and sick children.





# THE BDI SHARE

## Recovery on the stock markets

2012 was a turnaround year. In spite of what was in some cases severe turbulence because of the debt crisis in the Eurozone, the stock markets started to recover. Both the leading DAX index and the TecDax (+20.1%) recorded strong growth. The DAX increased by as much as 29% in 2012, from 5 898.35 on 31. December 2011 to 7 612.39 on 28. December 2012. The Austrian stock market managed to make up for a large proportion of the share price decreases in the previous year in 2012 too (ATX +26.9%). However, it continues to be closely linked to the growth prospects in Eastern Europe, which are also deteriorating in view of economic problems in the Eurozone. Even though Austrian shares are inexpensive by international standards, the potential for sustaining above-average value growth is therefore very limited at the present time.

## BDI share reflects the transition year in 2012

There were strong responses to our announcements about the transition year in 2012, in which the company created a more stable and broader base in view of the difficult BioDiesel market environment, in the price development of the BDI share. Following the encouraging development in the share price until May 2012 (high of € 16.06 in mid-April), it decreased substantially throughout the rest of the year. From the final price of € 13.05 on 30. December 2011, the share price deteriorated to € 6.21 at the end of 2012. This corresponds to a drop of almost 52% over the year. It means that the development of the BDI share did not reflect the positive development of the stock markets. In response to the news about the transition year, some shareholders have sold their shares, while new shareholders are at the same time still monitoring the situation before making investments themselves. In addition to this, only a small proportion of the free float has been traded since the share price started to drop, so that exceptionally large movements are triggered even when only a few shares are traded.

Not only the company itself but also financial analysts think that the share price does not correspond to corporate value. The strategic expansion of the business operations is based on BDI's core skills and many years of successful R&D work. The aim is to extend BDI's portfolio so that the company becomes a comprehensive supplier of industrial green tech solutions. In view of this, our analysts estimated that the fair value of the BDI share is € 15.60.

The broadening of the company's business base that was initiated back in 2011 is a project with medium-term impact, which can be expected to have a positive effect on the development of the BDI share price too. This has already become apparent in the first few weeks of 2013. The BDI share price increased to € 8.55 on 24. January 2013.

## Trend for the 2013 stock market year

The tense situation on the European finance markets has eased considerably in the last few weeks. The German stock market succeeded in starting the new year at the highest level for a number of years, while yield mark-ups for Italian and Spanish government bonds have been decreasing steadily since their last high in mid-November. Companies are more optimistic about future business developments again.

All the signs indicate that 2013 will probably be a transition period in the European Monetary Union. The EMU is developing into a new institutional system that is developing more and more into a political union. The monetary union is still in a profound crisis, with closer ties between the national partners expected at the end of the road.

Further financial information can be found at [www.bdi-bioenergy.com](http://www.bdi-bioenergy.com).

## Basic data about the BDI share (on 31. December 2012)

ISIN:	AT0000A02177
Number of shares:	3 800 000 Stk.
Free float:	19.14%
Earnings per share:	-1.16 Euro
Price-to-earnings ratio:	-5.35
Book value / share:	13.33
Share price:	6.21 Euro
Market capitalisation:	23.60 Mio. Euro
52-week high / low:	16.06 / 6.13 Euro







# CORPORATE GOVERNANCE REPORT

For years now, BDI – BioEnergy International AG has been implementing a strategy that focusses on sustainable, long-term increases in the value of the company and it pays particularly close attention to responsible and transparent company management in this context.

High priority is therefore given to the rules specified in the **Austrian Corporate Governance Code**. The aim of this voluntary self-regulation code is to facilitate responsible management and control, with the emphasis on the creation of value. Shareholders benefit from this to a particularly large extent: a high degree of transparency is achieved via clear structures, effective control mechanisms and a good information policy.

The Austrian Corporate Governance Code includes not only the standard international principles of good company management but also the most important rules of Austrian company law. The current version from July 2012 is made available by the Austrian corporate governance task force at [www.corporate-governance.at](http://www.corporate-governance.at). The Code includes 83 rules, which are divided up into three categories:

Legal requirement (L): rules that are based on legal regulations which have to be observed.

Comply or explain (C): rules that are based on standard international regulations; failure to observe them must be explained and justified for it to be considered that the company is acting in compliance with the Code.

Recommendation (R): rules that have the character of a recommendation; failure to observe them neither has to be disclosed nor justified.

BDI – BioEnergy International AG has issued a statement in accordance with the Austrian Corporate Governance Code of July 2012. This statement confirms that all the „L rules“ (legal requirements) and all the „C rules“ (comply or explain) are observed, with the following exceptions:

**Rule 21:** As an issuer whose shares have not been admitted for domestic trading on a regulated market, BDI is not covered by the compliance decree for issuers.

**Rule 27:** With respect to the specific aspects that non-financial criteria and the return of variable compensation elements are not stipulated in the contracts with the members of the BDI Management Board.

**Rules 53 and 54:** Half of the members of the Supervisory Board cannot be considered independent. However, they are longstanding advisers / consultants of the company who have important know-how and are key people responsible for the current and future success of the company’s business, so that their integration in the Supervisory Board is in the interests of the company. In addition to this, they must be considered economically independent because of the rest of their professional activities and their resources.

**Rule 83:** The viability of the risk management system is assessed in the context of the internal reporting procedure and the Management Board is notified directly. Specific reporting requirements make sure in addition that the audit committee and the Supervisory Board obtain an adequate insight into the viability of the risk management system.

The company management implemented the objectives of the Code – responsible management and control, transparency and sustained, long-term creation of value – in the 2012 fiscal year. It is confirmed herewith that all the rules of the Corporate Governance Code approved by the company boards and published on the website were observed in full in the 2012 fiscal year, with the exception of the rules mentioned above. Further information about corporate governance, such as the Austrian corporate governance report, directors’ dealings and the company’s articles of association, can be found in the „Investor relations“ section of the company website: [www.bdi-bioenergy.com](http://www.bdi-bioenergy.com).

### Officers of a public limited company

The Management Board has personal responsibility for running the company in a way that is necessary for the well-being of the company, taking the interests of the shareholders and employees as well as public interest into consideration. Members of the Management Board are appointed by the Supervisory Board.

The Supervisory Board is required to monitor the company management and to hold a meeting at least quarterly. The members of the Supervisory Board are elected by the Annual Shareholders’ Meeting.

The Annual Shareholders’ Meeting is the forum at which the shareholders exercise their participation rights, with respect primarily to the matters about which they are required to take decisions by law and the articles of association.





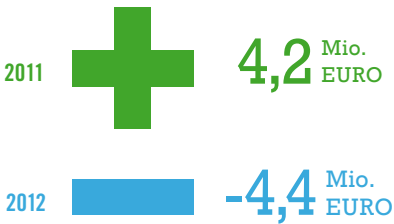
# MANAGEMENT REPORT

# SUMMARY OF THE 2012 FISCAL YEAR

BDI – BioEnergy International AG's most important key figures developed as follows in the 2012 fiscal year compared with the same period the previous year: The lower sales and poorer project earnings led to a negative EBIT before extraordinary items (gross operating result) of € -0.88 million. Special effects due to goodwill depreciation and capitalised development costs depressed EBIT (operating result) to -€ 6.7 million (previous year: € 3.6 million).

## Period earnings (after non-controlling interest)

Period earnings (after non-controlling interest) were negative at -€ 4.4 million, whereas earnings in the previous year were € 4.2 million. The earnings per share therefore amounted to -€ 1.16. Earnings per share in the previous year were € 1.09.



## Earnings before taxes (EBT)

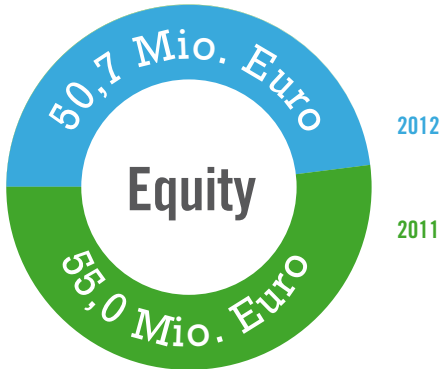
Earnings before taxes (EBT) were -€ 5.5 million, compared with € 4.5 million in the previous year.



## Equity ratio

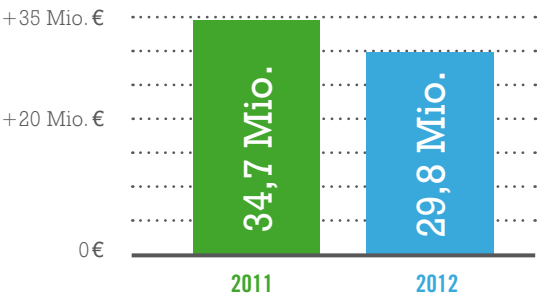
67,6%

Equity remained at a high level (€ 50.7 million) at the end of the year, compared with € 55.0 million at the same time the previous year. Due to the lower balance sheet total, the equity ratio was 67.6% on 31. December 2012, which was an improvement of 63.8% over the previous year.



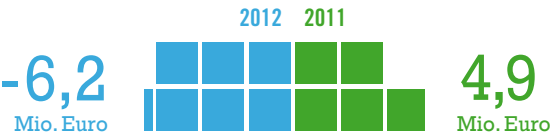
## Sales

Due to the difficult market situation, late order intakes and delays in order processing, sales decreased from € 34.7 million in the previous year to € 29.8 million.



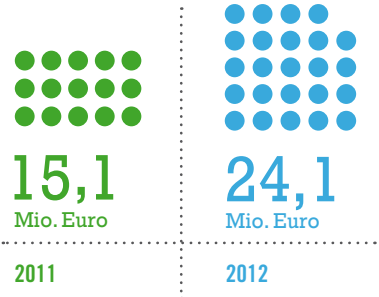
## Cashflow from operating activity

The cash flow from operating activity amounted to -€ 6.2 million, after € 4.9 million in the previous year.



## Total orders

Total orders on hand on 31. December 2012 amounted to 24.1 million, 59.5% higher than in the previous year (15.1 million).



## Lead time

In 2012, 6 major orders have been processed. The lead time of major contracts in the BioDiesel segment was 12-22 months (previous year: 12-22 months), and the lead time of orders in the main segment BioGas was 12-16 months (previous year: 12-16 months).

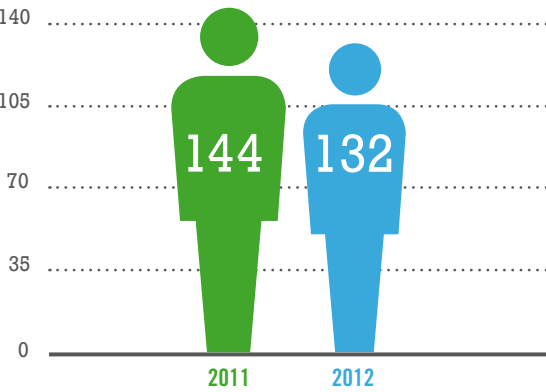


## BioGas 12-16 months



## Employees

BDI and the companies affiliated with it had 132 employees on 31. December 2012 (previous year: 144 employees).





# ECONOMIC ENVIRONMENT

While a number of current economic and energy policy developments are having an adverse overall impact on the biofuels market, numerous changes with medium-term effect are being discussed and taken in the EU and USA that will be strengthening BDI in the direction it is taking in its development activities, as regards the company's strategic focus and its R&D projects.

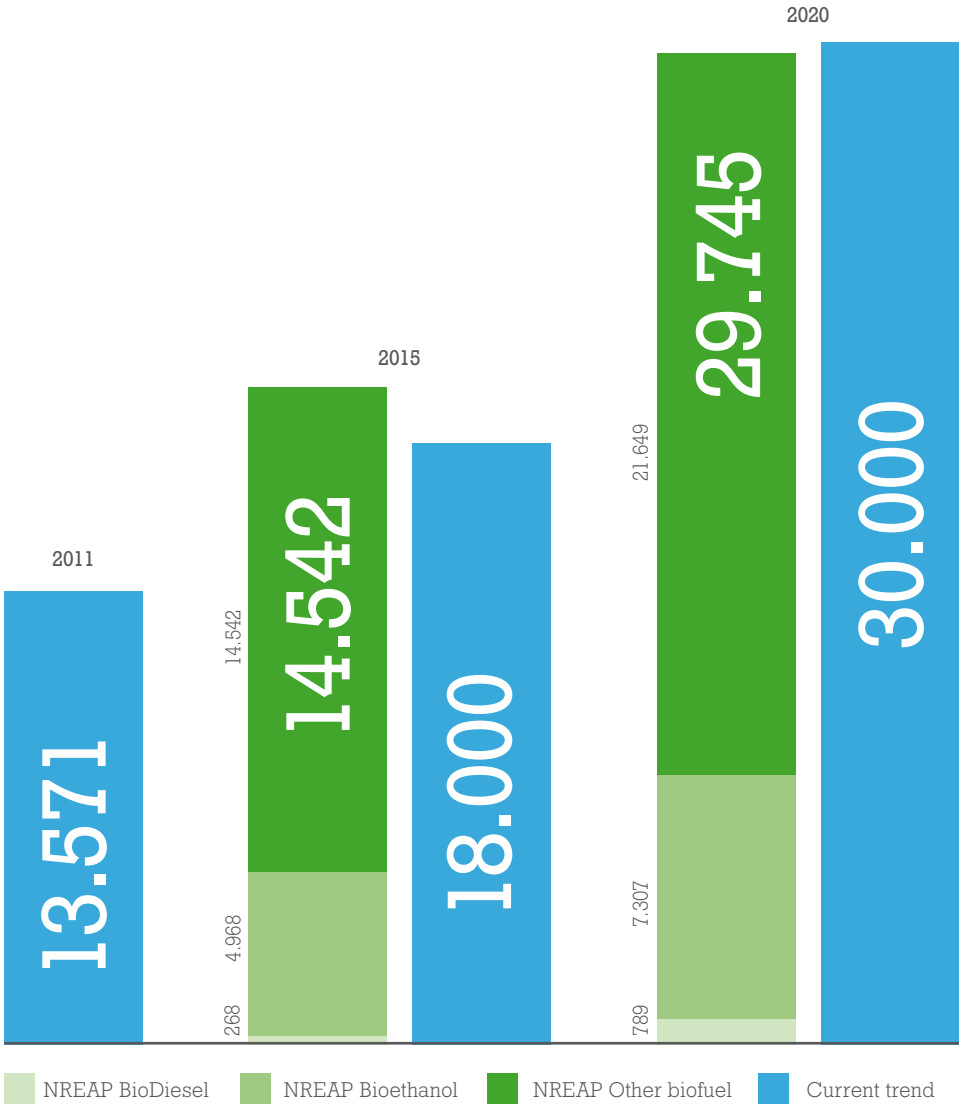
## BioDiesel industry environment

The situation in 2012 was difficult: on the one hand, decisions taken by the EU in the energy policy field with the aim of reducing CO2 emissions will have a positive medium- and long-term impact on the BioDiesel market.

On the other hand, problems arose due to global competition on the market. Costs were not covered in European biofuel production and there was fierce price pressure due to imports from such emerging countries as Argentina and Indonesia. Action taken by the EU decrease in imports could not be compensated for by higher production within the EU in the short term at least.

In the meantime, many governments in the EU are focussing on the introduction of sustainability criteria in BioDiesel production. The aim of these criteria is to control compliance with the specifications of the "Renewable Energy Directive" (RED). The specifications of the current RED say that greenhouse gas emissions are to be reduced by at least 35% compared with fossil fuels (Directive 2009/28/EC). The reduction is to be increased to 50% in 2017 and to as much as 60% in 2018. This target of 60% is already to be mandatory earlier (estimated 2014) in the new version of the RED. It will only be possible to satisfy the criteria by using BioDiesel manufactured from residual and waste materials and modernization of outdated production plants. Germany, France and the Netherlands have already introduced legal regulations about this. Italy, Sweden, Great Britain, Spain, Portugal and Belgium are to follow. This issue is still being discussed in Austria.

In the meantime, many governments in the EU are focussing on the introduction of sustainability criteria in BioDiesel production.



Comparison of the current trend of biofuel consumption for transport against the NREAP (National Renewable Energy Action Plan) roadmaps (ktoe)

Double counting

More and more European states are now following the example of the pioneers (Germany, France and the Netherlands) and are defining precise rules for double counting. According to these rules, fuels that are manufactured from waste materials count double in calculation of CO2 reduction. Ireland, Denmark, Finland, Great Britain, Spain and Italy have already introduced national rules or are currently going through the ratification process. There is a definite trend in Europe towards the production of BioDiesel from waste. This means that it will be possible in future to determine market growth qualitatively rather than quantitatively, i.e. on the basis of more production capacities. Existing plants therefore need to be made compatible with this form of production.

Positive outlook for RetroFit in the USA

The American Environmental Authorities EPA (Environmental Protection Agency) has increased the 2013 production quota for advanced biofuels, which includes BioDiesel in the USA, by almost 30%. Even though sufficient capacity is in principle available in the USA to raise production accordingly, this still means that there is scope for RetroFit commissions, because many existing plants are not in a position to manufacture high-quality BioDiesel.

It will be possible in future to determine market growth qualitatively rather than quantitatively

BioDiesel price development

BioDiesel price development is influenced by many different factors. Fluctuating harvests with oil plants (rapeseed, soya, oil palm), that are difficult to forecast due to climate change and the extreme weather conditions associated with this, are one important factor. The WTO (World Trade Organisation) is making liberalisation moves to counter these fluctuations, so that the greater volume flexibility provided by open markets can be exploited when supply and demand variations occur. It is therefore very advisable for the industry to prepare for such risks.<sup>1</sup> The price difference between inexpensive raw materials like used cooking oil and inferior animal fat, on the one hand, and expensive vegetable oils, on the other hand, is continuing to decre-

ase. The reason for this is the rising demand for "waste raw materials" from the BioDiesel industry because of the double counting system. Although raw material prices have in general stabilised in the past one to two years, they are still subject to seasonal fluctuations and regional variations.

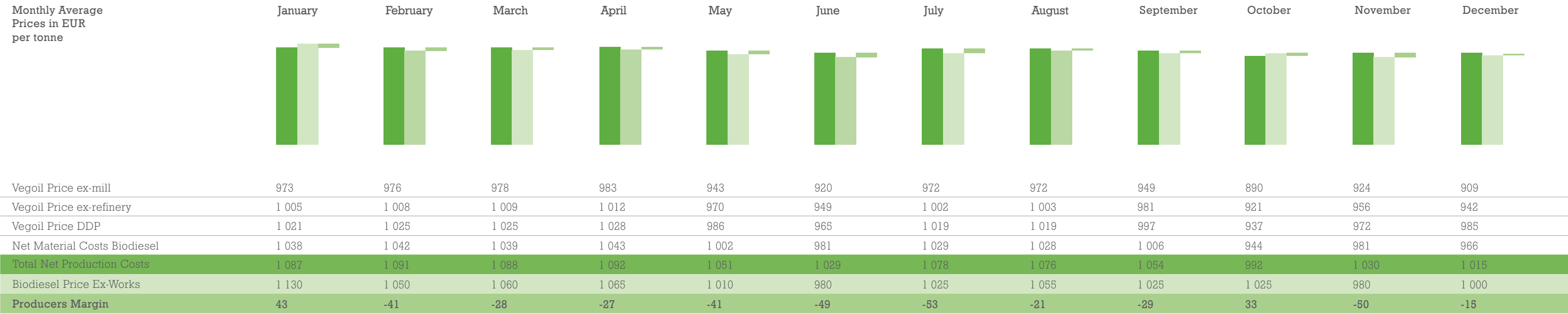
Europe

Losses continue to be made in BioDiesel production from vegetable oils, in spite of an improvement. What have helped to boost BioDiesel prices are a stronger diesel market and a somewhat stronger euro, so that raw materials traded in USD have become somewhat cheaper.

<sup>1</sup> [http://www.ufop.de/downloads/UFOP\\_0966\\_Vorstudie.pdf](http://www.ufop.de/downloads/UFOP_0966_Vorstudie.pdf), February 2012, P. 3

Spot Margins for FAME Production in Central Europe

Licht Interactive Data





## BioDiesel market development

The weather conditions in France led to a reduction of about 40,000 ha in rapeseed cropland, with BioDiesel imports considerably lower than in 2011. Facilities that are able to process used cooking oil and other raw materials are limited, so double counting is an incentive to import. In accordance with a national regulation, the proportion of double-counting BioDiesel is being maintained at 0.35% of total diesel demand. This corresponds to about 125 000 tonnes of physical demand.<sup>2</sup>

According to an announcement by the European Commission, anti-subsidy proceedings about the imports of BioDiesel from Argentina and Indonesia were initiated on 10. November 2012. These imports are to be monitored in future. The proceedings are to be completed within 13 months. Provisional measures can be imposed at the latest nine months after publication of the announcement.

In order to avoid sanctions by the WTO, Spain has lifted the ban on BioDiesel imports from Argentina again. The Argentinean BioDiesel industry is not very optimistic that it will be able to regain its former position on the Spanish market with the new quota arrangements, however.<sup>3</sup>

The main potential for the construction of BioDiesel plants is in new and/or future EU member states – Poland, Romania, Bulgaria, Croatia – when they take action to comply with RED 2009/28/E. Multi-Feedstock plant projects could be initiated in connection with the development of appropriate collection logistic systems for waste fats and oils.

## BioGas industry environment

BioGas is growing steadily in Great Britain as well as South-Eastern and Eastern Europe. This is due to new national strategies that are associated with the EU climate targets for increasing the proportion of energy generation accounted for by renewable sources to 20 % by 2020. The number of BioGas plants is increasing – rapidly in some cases.

Thanks to the attractive funding provided by the Renewable Energy Act (EEG), demand is rising in Germany – which has been the country where BioGas has been booming so far – for gas purification equipment, in order to prepare BioGas so that it can be fed into the natural gas grid.

The review of the National Renewable Energy Action Plans (NREAP) in the EU Member States predicts a sharp increase in electricity production from BioGas from 25.2 TWh in 2009 to 63.3 TWh in 2020. Heat recovery will rise from 6.9 TWh to 58.1 TWh. In order to reach these goals, some countries will have to multiply their growth factor repeatedly.

## The European Parliament wants a biowaste directive

The EU countries produced more than 100 million tonnes of garden and kitchen waste last year. Most of it was disposed of on landfill sites or by incineration. On 6. July 2011, the Members of the European Parliament – by a substantial majority – once again called for EU-wide rules. In doing so, the Parliament is following a European Commission Green Paper on the management of biowaste in the EU. The demands made by

the European Parliament include separate biowaste collections, more biowaste recycling and classification of the different types of compost available from biowaste.

## BioGas price development

New regulations about renewable energy payments were introduced in Austria on 24. September 2012. Biomethane prices are individually negotiated by the gas supply companies, based on strategic criteria, so a direct impact on the green power prices (specific higher) of biomethane price, is not anticipated. The Czech Energy Regulatory Office (ERO) is publishing the first decree about BioGas payments in 2013. The payment system has been based on plant size.<sup>4</sup>

## BioGas market development

### Poland

An increase in the proportion of energy generation accounted for by renewable energy from 5 to 15 % by 2020 has been decided in order to reach the EU climate targets. A system of payments is being introduced in 2013 to promote the achievement of this goal. The Polish government is encouraging the development of decentralised energy generation via biomass and BioGas in particular by passing laws and introducing regulations. One of the aims of this is to create new prospects for the farming industry. The speed of actual implementation of the ambitious political objectives by the Polish government is a risk.

### UK

BioGas production is booming! New strategies for the expansion of the BioGas industry have been published and the number of BioGas plants is increasing substantially. Whereas 54 plants were in operation in June 2012, the number has now reached as many as 78 in the meantime, with the focus on biowaste fermentation plants processing renewable raw materials and supplying biomethane. Building permits have already been granted for a further 123 planned plants. The total capacity amounts to 146 MW at the moment.

### Germany

After several years of fast growth – about 80% of the industrial BioGas plants currently in operation around the world are located in Germany – fewer BioGas plants than expected were installed in Germany in 2012. The President of the BioGas Trade Association, Josef Pellmeyer, attributed the downswing following the particularly successful year in 2011 to the amendments made to the Renewable Energy Act (EEG 2012). The new measures that have been introduced have not met the expectations. Rising prices for substrates and fundamental criticism of BioGas generated using agricultural raw materials (e.g. corn silage) as an energy source have also had an impact on the development of the industry. However, Pellmeyer has expressed confidence about the role BioGas is playing in the German switch to renewable energy sources.<sup>5</sup>

<sup>2</sup> FO. Licht's Report 13.12.2012

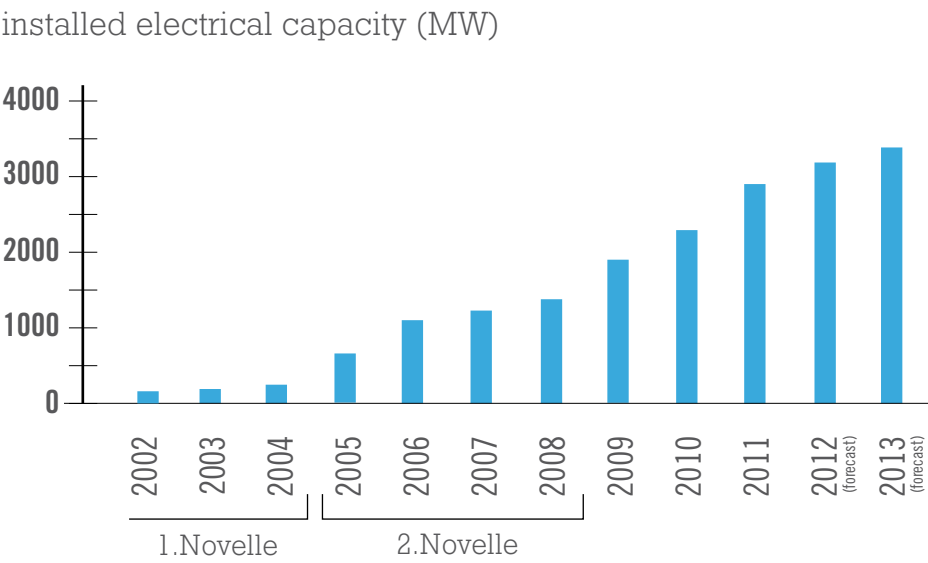
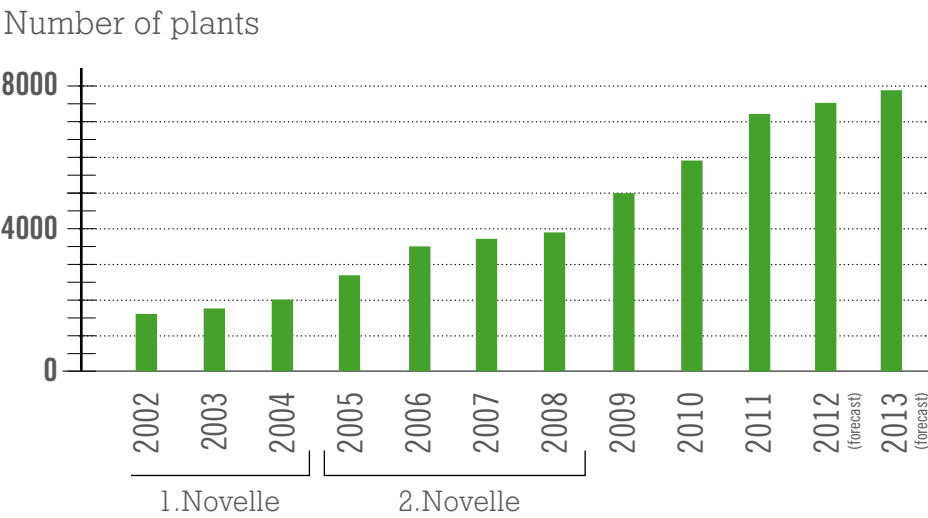
<sup>3</sup> FO. Licht's Report 10.01.2013

<sup>4</sup> [http://eru.cz/user\\_data/files/ERV/ERV8\\_2012.pdf](http://eru.cz/user_data/files/ERV/ERV8_2012.pdf) 28.11.2012, [www.czba.cz](http://www.czba.cz)  
<sup>5</sup> newsletter published by the European BioGas Association (EBA), December 2012.



In Germany today, BioGas plants are already replacing more than 4 coal-fired power stations, or 2 large nuclear power stations.

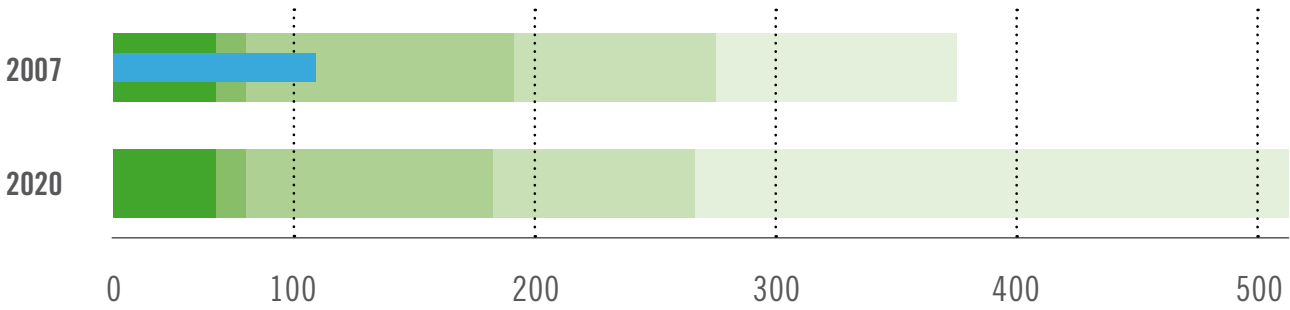
Development in the number of BioGas plants and total installed electrical capacity (11.2012)





# TECHNICAL PRIMARY ENERGY POTENTIAL FOR BIOGAS

IE, DBFZ (2009)



Technical primary energy potential (PJ/a)

- Proportion of the potential exploited
- Municipal residual materials
- Industrial residue
- Harvest residue and excrement
- Min. renewable raw materials (0.55 million ha 2007)
- Max. renewable raw materials (1.15 million ha in 2007 and 1.6 million ha in 2020 / yield increase per year: 2%/a)

<http://www.iwr.de/news.php?id=22095>, 24.09.2012

## Spain

According to the Spanish BioGas association AEBIG, the government is considering reactivation of the Renewable Energy Action Plan, which is currently suspended. This could make it possible for new BioGas plants to be built. The aim of the planned volume of 216 MW in agricultural BioGas plants and a payment level of € 0.14/kWh is to prevent a speculative bubble.<sup>6</sup>

<sup>6</sup> 19.12.2012, [www.aebig.org](http://www.aebig.org)

## France

In its attempts to increase the proportion of electricity generation accounted for by renewable energy sources to 23% by 2020, France has opted primarily for hydro-electric, wind and solar power so far. With the increase of 20% in the payments for electricity that is generated from BioGas and with the creation of the legal basis for feeding biomethane into the natural gas grid, the government has laid the foundations for greater use of this energy source.







## Fine vacuum distillation industry environment

Vacuum distillation is a classic niche market. Although numerous new competitors have tried to enter the market in recent years, the barrier to entry is very high, due to the know-how that is required.

The sales figures for new commissions have been stable for years and are rising moderately. Growth is being generated primarily by the development of new application areas. Vacuum distillation has established itself in the meantime and can therefore be used for more and more, increasingly difficult applications. The growth potential for suppliers with in-depth technological expertise remains good as a result.

## Legal regulations in the EU

The tougher rules introduced by many international BioDiesel standards are one of the reasons why some parameters can only be met via distillation nowadays. Stricter legal regulations are therefore having a positive impact on the market.

**The growth potential for  
suppliers with in-depth  
technological expertise  
remains good as a result.**

Quality requirements are rising in the food industry too. Certain harmful substances in baby food can, for example, only be eliminated as stipulated by law with the help of distillation processes. It is often necessary to use distillation solutions in the purification of fish oil too, so that the specifications of existing food regulations can be fulfilled.



## SALES AND EARNINGS DEVELOPMENT

### Market conditions – situation in the target markets remains difficult

Sales in 2012 amounted to € 29.8 million, compared with € 34.7 million in the previous year. The decrease in sales is attributable in particular to late order intakes and to delays in project implementation. The BioDiesel market is going through a process of change – a challenge that BDI is tackling by concentrating on difficult and thus less expensive raw materials, by choosing appropriate marketing strategies and by focussing to a greater extent on the obtainment and servicing of key accounts. The after-sales business and the RetroFit programme for existing plants developed according to plan in 2012 and are reducing BDI's dependence on large-volume project business.

In addition to new orders in the fine vacuum distillation segment, BDI was commissioned to build a BioDiesel plant in France, to extend a Multi-Feedstock BioDiesel plant in Hong Kong, to upgrade and optimise BioDiesel plants in Portugal and South-Eastern Europe and to carry out various engineering and pre-engineering projects in the 2012 fiscal year. The total orders on hand on 31. December 2012 amounted to € 24.1 million (previous year: € 15.1 million).

### EBIT – negative in 2012

The lower sales and higher project implementation costs (in the BioGas segment, for example) led to

an EBIT before extraordinary items (gross operating result) of € 0.88 million. It was not possible to offset the negative effects of the delays in order intake and poor progress in project implementation entirely, in spite of an intensive cost-cutting programme. EBIT amounted to - € 6.7 million (previous year: € 3.6 million) after taking special items totalling € 5.8 million into account.

The difficult market situation and the poorer sales and earnings development than planned in the BioGas segment made it necessary to write down goodwill allocated to the BioGas segment by € 3.0 million. Development costs of € 2.1 million were written off too. The strategic and organisational changes initiated in 2012 led to restructuring costs of € 0.8 million.

Earnings before taxes (EBT) amounted to -€ 5.5 million (previous year: € 4.5 million). Period earnings (after deduction of non-controlling interests and taxes) amounted to -€ 4.4 million (previous year: € 4.2 million). This led to earnings per share of -€ 1.16 (previous year: € 1.09).

### Orders on hand – good basis for 2013

The orders on hand on 31. December 2012 amounted to € 24.1 million, which is an increase of 59.5 % over the previous year. In view of the current project pipeline, utilisation of the capacities available appears to be guaranteed in 2013 and the basis has been created for a return to positive results in business operations.





## FINANCIAL AND ASSET DEVELOPMENT



## Financial management principles and objectives

BDI's financial and liquidity planning is based on responsibility to all stakeholders and on a conservative investment policy. Derivative financial instruments were not used.

A strong financial position is a particularly crucial factor in making sure companies maintain their freedom to operate strategically at times when the financial and capital markets are only functioning to a limited extent. BDI has therefore defined the following strategic financial management principles:

■ Maintenance of the large cash portfolio for further acquisitions and investments

■ Stable cash flow from operating activity

■ Control of liquidity risks via integrated risk management

■ Maintenance of financial stability and flexibility

## Sound equity position – scope for strategic realignment

The balance sheet items "Securities" and "Liquid funds" totalled € 35.8 million on 31. December 2012 (previous year: € 44.9 million) and therefore amounted to 47.8% of the balance sheet total. BDI's conservative investment policy led to a financial result of € 1.2 million (previous year: € 897 000). Thanks to increases in interest income from the investments in securities and in the earnings generated by the associated companies,

the financial result was in line with the expectations, in spite of the lower investment volume and the reduction in the interest level for the cash portfolio. The aim of the investments managed externally was to maintain value.

BDI's equity position continues to be very strong (€ 50.7 million). Due to the reduction of 13% in the balance sheet total, the equity ratio increased to 67.6%.

The cash flow from operating activity amounted to -€ 6.2 million on 31. December 2012 after € 4.9 million in the previous year, so that it deteriorated considerably. The change in the cash flow is attributable to BDI's negative earnings, the change in working capital and the progress made so far in the completion of projects for customers on the qualifying date.

## Acquisitions – stronger market position for BDI

The objectives of BDI's acquisition policy are to strengthen the company's international position and to broaden the range of core skills in the green tech field. BDI's vision is, for example, to set standards in the upgrading of residual and waste materials by maximising economic viability, innovative skills and cutting-edge technology. Systematic further steps are therefore to be taken gradually to expand BDI's portfolio, with the aim of continuing to transform the company from being a specialised plant manufacturer for the BioDiesel and BioGas industry to being a comprehensive supplier of industrial green tech solutions.

The acquisitions made so far enable BDI to operate on the market as a comprehensive supplier – a large proportion of the services can be provided from integrated internal resources. Exploitation of the synergy benefits available at BDI, the companies affiliated with it and its equity investments is having a positive impact on the development of the company's business.

## Solid financial and asset development

On 31. December 2012, the non-current assets in BDI's balance sheet included capitalised know-how of € 5.3 million. The reduction over the previous year is attributable to the depreciation of capitalised costs of developments that are no longer considered to be marketable. The goodwill of € 3.8 million relates to the acquisition of UIC GmbH and Enbasys GmbH. The goodwill of Enbasys GmbH was written down by € 3.0 million to € 1.3 million in the 3rd quarter. Securities held as non-current assets amounted to € 23.1 million on 31.12. The investments in associated companies amounted to € 12.1 million on 31. December 2012 (previous year: € 11.3 million). This item is attributable to the interests held in M&R Holding AG, Grambach, VTU Holding GmbH, Grambach, and BDI & Tecna Tecnologia em BioDiesel Ltda., Brazil.

BDI's balance sheet total decreased by 13.0% over the previous year to € 75.0 million. The equity ratio increased to 67.6% due to the higher revenue reserves and the lower balance sheet total (previous year: 63.8%).

The share capital is divided up into 3 800 000 bearer shares with no par value. Each share has the equivalent value of € 1.00 of the share capital.

The former Management Board members Mr Hammer and Mr Gössler currently hold direct or indirect interests amounting to 69% of the share capital. The details: they have a total interest of 86% in BDI Beteiligungs GmbH, which owns 2 767 284 BDI shares. Mr Hammer and Mr Gössler also own 153 220 and 105 150 BDI shares directly.

According to BDI's articles of association, the members of the Management Board have the following additional authority with respect to the possibility of issuing shares:

On the basis of a resolution passed by the Annual Shareholders' Meeting that was held on 18. May 2009, the Management Board is also authorised to resell purchased company shares via a different channel than the stock market or a public offer with the approval of the Supervisory Board within five years of the date on which the resolution was passed. No advantage was taken of this authorisation in 2012.

In the current assets, the receivables from production orders increased from € 8.9 million in 2011 to € 12.2 million due to the higher percentage of project completion in the 4th quarter. Other receivables amounted to € 1.9 million and included payments on account to suppliers of € 0.5 million. The liquid funds of € 12.8 million on 31. December 2012 consisted of sight and time deposits, in order to guarantee coverage of short-term financial requirements and implementation of the risk-free investment policy.

The accounts payable trade amounted to € 7.0 million (previous year: € 5.6 million).

The prepayments received item decreased from € 6.2 million at the end of 2011 to € 0.9 million on balance sheet day. These figures were determined on the basis of the prepayments actually received and the percentage of project completion in accordance with IAS 11.

The provisions and deferrals decreased by 6.4% to the previous year to € 8.9 million and essentially included project-based provisions, deferrals of products and services that had not been invoiced yet, bonuses and warranties. The provisions for warranties decreased from € 4.2 million on the same date the previous year to € 3.3 million.



## NON-FINANCIAL PERFORMANCE INDICATORS

### Sustainability

Sustainability is a concept that is a key feature of the business model BDI implements as market and technology leader for the construction of Multi-Feedstock plants: with its from waste to value philosophy, the company is helping to improve environmental performance considerably.

The concept of sustainability is implemented in as many areas as possible: all of BDI's company cars run on BioDiesel, for example. Employees of the corporate group are also allowed to use the company's own BioDiesel facilities to refuel their private cars. Environmentally sound, climate-neutral processes are chosen to print BDI publications like the company's annual report too.

The sustainability concept had high priority in construction of the BDI corporate headquarters in Grambach near Graz as well. Every effort was made to build sustainably, with the emphasis on minimisation of environmental impact and use of regional supply sources. BDI's office buildings are in general in line with the latest state of the art as far as the energy required for room heating and cooling is concerned: the energy consumption level of the buildings meets the standards of low-energy housing.

The BDI management has compiled principles on which its corporate and staff leadership is based. Everything that BDI's employees think and do focusses on sustainability and environmental responsibility.



# EMPLOYEES

BDI and its fully consolidated companies had 132 employees on 31. December 2012 – 12 fewer than on the same date the previous year.

The difficult situation on the market led to a large reduction in the number of employees in the past fiscal year. Personnel numbers were reduced primarily via the cost-cutting programme and decisions taken not to fill positions when they became vacant. The need for further cost-cutting at the end of the year is leading to a further reduction in staff in the first quarter of 2013.

Maximum capability at all levels is particularly vital in difficult market situations like these, so it is very important for BDI to invest systematically in basic and advanced training on an ongoing basis. Participation in qualification campaigns implemented by companies that have similar goals enables BDI to provide staff with high-quality training opportunities. There are also programmes that aim to provide individual training and create an optimum working environment. The "Inspire BDI" programme was initiated to make sure that staff in key positions have the necessary know-how and to give talented young employees the opportunity to develop their skills. The programme includes not only training at such prestigious centres as the St. Gallen Management Institute but also direct links between salaries and bonuses.

Staff satisfaction is a central issue at BDI. To make sure it increases, internal interviews are held on a regular basis and are evaluated by an external company.

Development potential and possible training measures are discussed at meetings with individual employees. Women account for about 42% of total staff, which gives BDI a very good position in the industry.

The overall level of staff qualifications is high at BDI, with 50% of staff being university graduates. About 32% of employees have AHS or BHS qualifications too. The teams are complemented in the most effective possible way by experienced specialists from the plant manufacturing and environmental engineering fields. The company benefits from new ideas and specialised know-how by regularly recruiting newcomers from other areas.

Involvement in sports activities (e.g. a fitness room is available for use free of charge and joint sports trips are organised etc.) and ongoing additions to the range of different options are always encouraged by BDI. The company's preventive health care activities focussed on stress reduction programmes in 2012.

BDI aims to guarantee staff satisfaction and appropriate contributions to company success by every single employee by maintaining a pleasant working environment, by providing targeted health promotion opportunities and by making sure employees participate in company success via a bonus system.



## RESEARCH & DEVELOPMENT

BDI has succeeded in obtaining the position it holds today as the global leader in the planning, engineering and construction of Multi-Feedstock BioDiesel plants by making constant investments in research and development (R&D). These operations are the key to BDI's success. BDI will only be able to maintain the pioneering role the company already plays now in future as well if it makes further promotion in research and development.

Investments in research and development have clear objectives: the generation of more energy from alternative renewable sources and new sustainable resources, while guaranteeing higher energy efficiency within these processes. The company's own research laboratory is working on the achievement of these objectives, on the one hand, and BDI has, on the other hand, been co-operating successfully with universities and research institutions for many years now. About 10% of sales are invested by BDI in the development and research of new technologies every year. These expenses amounted to about € 3.6 million in the 2012 fiscal year. In order to increase its technological edge even more, BDI is already working today on the production of BioDiesel that meets the quality requirements which will have to be satisfied in future. Alongside the expansion of its product portfolio, BDI is therefore making sure that the processes used are improved steadily. This enables raw material flexibility to be increased, while the economic performance of the processes can be improved at the same time.

### Optimisation of RetroFit

The version of the BioDiesel standard EN 14214 that is probably coming into force in early 2013 specifies not only changes to the analytical methods for the glyceride and methyl ester content parameters outlined in the standard but also a large reduction in monoglyceride content as a precondition for using the term "distilled BioDiesel". The ECO distillation concept has been revised to optimise the residual monoglyceride content in order to satisfy this requirement. By doing this, BDI is making sure that customers are provided with an energy-efficient distillation concept that allows the final product to be marketed economically as distilled BioDiesel in spite of stricter quality requirements. A start has also been made on the development of a training programme for our customers' laboratory personnel in connection with the amendment of EN 14214. This programme will make sure that BDI's customers are prepared as effectively as possible for the changes in EN 14214 that are coming into force in 2013.



## Biomass-to-Liquid

The conversion of solid materials – such as wood or straw biomass – into liquid energy sources guarantees sustainable energy supply while reducing greenhouse gas emissions at the same time. BDI has laid important foundations for development of an innovative and simple BtL technology in recent years by carrying out basic research into liquid phase pyrolysis conversion technology. The emphasis in the research projects is now on the operations required to carry out further processing of the products manufactured. The research project bioBOOST, for which funding has been obtained, is being carried out in co-operation with Graz Technical University in this context.

With respect to the ongoing **bioCrack** pilot project, which is being implemented in co-operation with the

European mineral oil company OMV and is being funded by the Austrian government's KliEn-Fond, the successful start-up of the pilot plant at the OMV refinery in Schwechat was marked by a ceremony held in July 2012 that was attended by well-known members of the business and political communities. The outstanding feature of the bioCrack technology, for which a patent application has been filed, is the combined conversion of solid biomass and heavy mineral oils into diesel-like fuels.

**BDI has laid important foundations for development of an innovative and simple BtL-Technology.**

The data obtained beforehand in laboratory testing and in trials on the small pilot plant were basically confirmed in the subsequent initial series of tests. The presentation of the new BtL concept bioCRACK and initial test data from the pilot plant at international trade congresses has attracted very keen interest. The first results of continuous operation are expected at the end of 2013 / beginning of 2014.

## Algae biomass

The purpose of the algae biotechnology projects, that are one of the company's main emphases in the research field, is to develop processes and equipment for the production and use of algae biomass. In the EU AllGas project, the aim of which is the industrial pro-

duction of algae BioDiesel, initial samples of extracted algae oil have been made available by research partners in Germany and Spain and have been processed into distilled BioDiesel in-house using the existing RepCat technology.

The production of useful materials from algae is becoming increasingly important alongside the processing of algae oils into BioDiesel. The self-contained BDI algae reactor system makes it possible to manufacture high-price products from algae inexpensively even on a small scale using CO<sub>2</sub>, nutrients and light. Pigments with anti-oxidant properties, that can be used as additives in the food industry or animal breeding, have proved to be one attractive product. A joint research project about this has been started in co-operation with Vienna University.



# RISK MANAGEMENT

In its global operations, BDI – BioEnergy International AG is exposed to numerous risks that are unavoidable when companies carry out business activities.

The corporate group operates in an industry that depends on political regulations, in which order intake and sales depend on a few individual decisions, so that there can be sizable fluctuations. Changes to laws and other regulations in connection with the construction of plants may lead to cost increases and thus to lower profits. Any forecasts about the future – including any in this report – involve uncertainty.

BDI's current sales strategy is concentrated on about 15 different countries all over the world, so that the company is exposed to the general risk of fluctuations in the global economy that may have a negative impact on business development.

BDI has made it clear that one of its objectives is to identify and deal with the risks of which it becomes aware via practical process management, internal and external reviews and external audits and by involving appropriately qualified experts. The company's employees are acknowledged experts in their fields. It is not possible to eliminate risks completely all the same.

**Risk management at BDI can be outlined as follows:**

■ Obtainment of orders  
Financial and technical risks are reviewed by a specially appointed group of people, with appropriate action being taken as a result if required.

■ Processing of orders  
Services are provided in teams, which are headed by a project manager. In addition to constant and very open communication between staff members, reports about the progress made with projects are presented to the Management Board in monthly project reviews. Risks are analysed and reports about them are presented to the Management Board at monthly intervals too.

■ Default risk  
The best possible protection against payment defaults is provided by obtaining appropriate guarantees and/or insurance cover or by taking alternative measures.

■ Currency translation risk  
The corporate group has a policy of trying to carry out all foreign business transactions in Euro. If this is not possible, exchange rates are hedged (e.g. foreign currency forward contracts).

■ Major company risks  
Major risks are communicated in the standardised meetings with the Management Board. Necessary action is taken and recorded.

■ Safety, health, environmental and fire protection  
Safety, health, environmental and fire protection are issues that are given high priority and are part of the company's integrated management system. The Management Board has undertaken to observe the relevant principles, requires all employees to observe them too and monitors observance of them.

■ Other non-financial risks  
In the engineering services field, BDI's strategy is based on in-house services and appropriate outsourcing of engineering services. As a result of this, demand peaks can be managed better and optimum utilisation of the existing in-house capacities can be achieved.

In the personnel field, performance-oriented pay and personnel development programmes are the preconditions for highly qualified staff. Comprehensive deputisation arrangements make sure that know-how remains at the company when staff leave.

Information about market, liquidity, credit and currency translation risks as well as the risks associated with financial instruments is provided in the special risk report included in the notes.

All in all, no risks are apparent in connection with the future development of the company that could endanger its survival. The risk management system confirms that neither individual risks nor the total overall risks have a sustained adverse effect on asset, financial and earnings development.

**Subsidiary**  
There was no subsidiary in 2012.

**Financial instruments**  
The company did not have any derivative financial instruments on the balance sheet date.



# PROSPECTS

Although the general economic and political conditions BDI is currently facing are difficult, they also offer new opportunities to build up promising business operations.

Irrespective of the challenges attributable to the global finance and banking crisis, BDI deliberately prepared for a transition year, which required not only strategic adaptation of the focus of the company but also a cost-cutting process to guarantee a sound future for the company. This homework has been done and is helping to make sure that a break-even result is achieved in 2013 in the context of an action plan.

Market forecasts indicate a global increase in demand for energy as well as a more and more important role for sustainable energy generation, including safe recycling of problematic waste at the same time. The obtainment of BioDiesel and BioGas from residual and waste materials is an important feature of a multiple, alternative energy generation concept and is finding an increasing amount of support and funding in Europe in particular (e.g. RED/FQD 2013). In view of the foreseeable delay in industrialisation of second-generation biofuels (e.g. lignocellulose-based bioethanol or BioDiesel), an increase in demand for traditional biofuels made from waste and residual materials with verifiably high greenhouse gas reduction potential is the only sensible option. A more objective debate about the competition between food and energy production would be desirable, but this appears to be unlikely in view of the lack of consensus even in the relevant scientific community.

In order to generate further medium-term growth, BDI is planning strategic expansion of the business

operations by broadening the core skills in the green tech field. It is, for example, BDI's vision to set the standards for the recycling and upgrading of residual and waste materials with the aim of creating sustainable new resources, in order to maximise economic viability, innovative skills and cutting-edge technology. We will therefore be developing further areas of operation step by step – based not only on the rapid progress we are making in our pilot projects in the research & development field (like bioCRACK) but also on the acquisition of complementary environmental technologies.

With this process of strategic optimisation, the company stands for from waste to value – a comprehensive concept for the environmentally sound production of BioDiesel and BioGas with a minimum of resource input as well as for sensible recycling of residual and waste materials that leads at the same time to the creation of sustainable new resources.

## Events after the end of the fiscal year

No events of major significance that require disclosure have occurred since the consolidated financial statements about the year that ended on 31. December 2012 were compiled.

Grambach, 14. March 2013



Dr. Edgar Ahn, CSO



Dagmar Heiden-Gasteiner, MBA, CFO



Markus Dielacher, MSc, CTO

# CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

Consolidated statement of comprehensive income

Consolidated balance sheet as per 31. December 2012

Consolidated cash flow statement

Consolidated statement of changes in equity

Notes





# CONSOLIDATED INCOME STATEMENT

€ '000	01.01.- 31.12.2012	01.01.- 31.12.2011	Note
Sales	29 777	34 684	(1)
Change in inventories and work in progress	6	0	
Other company-produced additions to fixed assets	1 989	2 307	
Other operating income	2 718	4 824	(3)
Spending on material and other services procured	-19 034	-17 176	(2)
Personnel expenses	-9 103	-9 506	(4)
Other operating expenses	-5 794	-8 756	(6)
Depreciation	-1 435	-1 752	(5)
Gross operating result	-876	4 625	
Goodwill impairment	-3 000	-1 000	(5)
Impairment of capitalised development costs	-2 070	0	(5)
Restructuring costs / personnel	-196	0	(4)
Restructuring costs / other operating expenses	-585	0	(6)
Extraordinary items in the operating result	-5 851	1 000	
<b>Operating result (EBIT)</b>	<b>-6 727</b>	<b>3 625</b>	
Earnings from associated companies	772	313	(8)
Income from securities and miscellaneous interest	802	842	(9)
Financing costs	-344	-258	(9)
<b>Financial result</b>	<b>1 230</b>	<b>897</b>	
<b>Earnings before taxes</b>	<b>-5 497</b>	<b>4 522</b>	
Taxes on income	1 082	-383	(10)
<b>Net income before limited partners</b>	<b>-4 415</b>	<b>4 139</b>	
Earnings transferred to limited partners	0	-231	
<b>Period earnings</b>	<b>-4 415</b>	<b>3 908</b>	
Of which attributable to:			
Non-controlling shareholders	0	-243	
BDI AG shareholders	-4 415	4 151	
Earnings per share (undiluted) in €	-1.16	1.09	
Earnings per share (diluted) in €	-1.16	1.09	
Number of weighted average shares outstanding (undiluted)	3 800 000	3 800 000	
Number of weighted average shares outstanding (diluted)	3 800 000	3 800 000	



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ '000	01.01.- 31.12.2012	01.01.- 31.12.2011	Note
Period earnings	-4 415	3 908	
Actuarial losses/profit, gross	324	852	(18)
Market valuation of the securities (AfS), gross	1 050	146	(18)
Exchange rate differences	11	0	
Deferred taxes	-344	-250	(18)
Total other comprehensive income	1 041	748	(18)
<b>Consolidated comprehensive income</b>	<b>-3 374</b>	<b>4 656</b>	
Of which attributable to:			
Non-controlling shareholders	0	-243	
BDI AG shareholders	-3 374	4 899	



ASSETS			
€ '000	31.12.2012	31.12.2011	Note
<b>Non-current assets</b>			
Intangible assets			(11)
Concessions, software and other intangible assets	174	539	
Goodwill	3 829	6 829	
Capitalised development costs	5 320	6 263	
	<b>9 323</b>	<b>13 631</b>	
Tangible assets	2 042	2 110	(12)
Investments in associated companies	12 121	11 349	(13)
Securities	23 061	26 903	(14)
	<b>46 547</b>	<b>53 993</b>	
<b>Current assets</b>			
Inventories	1 240	1 718	(15)
Receivables from production orders	12 201	8 872	(16)
Receivables from associated companies	375	304	(16)
Receivables from taxes on income	189	54	(16)
Other receivables and assets	1 672	3 281	(16)
Liquid funds	12 759	17 956	(17)
	<b>28 436</b>	<b>32 185</b>	
<b>Total assets</b>	<b>74 983</b>	<b>86 178</b>	

## CONSOLIDATED BALANCE SHEET AS PER 31. DECEMBER 2012

EQUITY AND LIABILITIES			
€ '000	31.12.2012	31.12.2011	Note
<b>Equity</b>			
Share capital	3 800	3 800	(18)
Reserves			
Capital reserves	33 769	33 769	
Revenue reserves	17 500	13 258	
	<b>51 269</b>	<b>47 027</b>	
Profit for the year	-4 415	4 151	
	<b>50 654</b>	<b>54 978</b>	
<b>Long-term liabilities</b>			
Provisions for severance	70	211	(20)
Provisions for pensions	1 947	1 901	(21)
Deferred tax liabilities	3 312	4 039	(19)
Other provisions	731	1 367	(22)
Other liabilities	1 086	1 226	(24)
	<b>7 146</b>	<b>8 744</b>	
<b>Short-term debt</b>			
Other provisions	4 096	3 701	(22)
Other deferrals	4 073	4 439	(23)
Tax liabilities	74	729	(24)
Prepayments received	905	6 204	(24)
Accounts payable trade	7 036	5 560	(24)
Accounts payable associated companies	18	113	(24)
Other liabilities	981	1 710	(24)
	<b>17 183</b>	<b>22 456</b>	
<b>Total equity and liabilities</b>	<b>74 983</b>	<b>86 178</b>	



# CONSOLIDATED CASH FLOW STATEMENT

€ '000	01.01. - 31.12.2012	01.01. - 31.12.2011
Earnings before taxes	-5 497	4 522
Adjustments for:		
Depreciation and impairment of non-current assets	6 505	2 752
Interest income	-681	-804
Earnings from the disposal of non-current assets	-92	79
Other revenues and expenses affecting cash flows	-761	-559
<b>Cash flow from earnings</b>	<b>-526</b>	<b>5 990</b>
Change in inventories	478	-1 053
Change in receivables and other assets	-1.926	-2 652
Change in liabilities and provisions	-4 247	2 639
<b>Cash flow from operating activity</b>	<b>-6 221</b>	<b>4 924</b>
Tax payments	-847	-1 393
Interest paid	-7	-18
Interest received	688	822
<b>Net cash flow from operating activity</b>	<b>-6 387</b>	<b>4 335</b>
Proceeds of the sale of tangible assets	59	36
Investments in intangible assets and tangible assets	-2 172	-2 684
Investments in financial assets (securities)	-11 586	-11 291
Proceeds of the sale of financial assets (securities)	16 554	16 691
Proceeds received from companies accounted for by the equity method	0	125
Investments in financial assets (equity interests)	0	-3 471
<b>Cash flow from investing activity</b>	<b>2 855</b>	<b>-594</b>
Change in financial liabilities	-715	-967
Distributions to shareholders	-950	-10 070
<b>Cash flow from financing activity</b>	<b>-1 665</b>	<b>-11 037</b>
<b>Change in cash and cash equivalents</b>	<b>-5 197</b>	<b>-7 296</b>
Cash and cash equivalents at the beginning of the period	17 956	25 252
<b>Cash and cash equivalents at the end of the period</b>	<b>12 759</b>	<b>17 956</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ '000	Share capital	Capital reserves	Revenue reserves	Profit for the year	Total	Non- controlling interest	Total equity
<b>01.01.2011</b>	<b>3 800</b>	<b>33 769</b>	<b>10 514</b>	<b>3 710</b>	<b>51 793</b>	<b>547</b>	<b>52 340</b>
Transfer to revenue reserves	0	0	3 710	-3 710	0	0	0
Changes in the consolidated companies	0	0	-1 714	0	-1 714	-304	-2 018
Comprehensive income	0	0	748	4 151	4 899	-243	4 656
<b>31.12.2011</b>	<b>3 800</b>	<b>33 769</b>	<b>13 258</b>	<b>4 151</b>	<b>54 978</b>	<b>0</b>	<b>54 978</b>
<b>01.01.2012</b>	<b>3 800</b>	<b>33 769</b>	<b>13 258</b>	<b>4 151</b>	<b>54 978</b>	<b>0</b>	<b>54 978</b>
Transfer to revenue reserves	0	0	4 151	-4 151	0	0	0
Dividend distribution	0	0	-950	0	-950	0	-950
Comprehensive income	0	0	1 041	-4 415	- 3 374	0	-3 374
<b>31.12.2012</b>	<b>3 800</b>	<b>33 769</b>	<b>17 500</b>	<b>-4 415</b>	<b>50 654</b>	<b>0</b>	<b>50 654</b>



# NOTES

1. General explanations
2. Preparation principles
3. Consolidated companies and consolidation principles
4. Accounting and valuation principles
5. Explanatory notes about the consolidated income statement and the consolidated statement of comprehensive income
6. Explanatory notes about the consolidated balance sheet
7. Explanatory notes about the consolidated cash flow statement
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# 1. GENERAL EXPLANATIONS

**BDI is a world market and technology leader in the production of customised, turnkey, Multi-Feedstock BioDiesel plants.**

BDI - BioEnergy International AG (hereinafter referred to in addition as the „company“ or “BDI”) is a company limited by shares that is incorporated under Austrian law, has its registered office in Grambach, Austria, and has been listed at Frankfurt Stock Exchange since September 2006. The company creates comprehensive solutions for the industrial use of renewable resources, with technologies for the production of high-quality BioDiesel from different raw materials representing the core skill.

BDI - BioEnergy International AG is a world market and technology leader in the production of customised, turnkey, Multi-Feedstock BioDiesel plants that can process different raw materials independently of each other to produce BioDiesel of EN 14214 quality. As a leading special plant manufacturer, BDI also supplies efficient plant

concepts in the from waste to value field for the generation of high-quality BioGas from industrial and municipal waste as well as from valuable omega-3 fatty acids.

These consolidated financial statements were prepared and released for publication by the Management Board on the date indicated below. The individual financial statements of the parent company, which are also included in the consolidated financial statements following reconciliation to the applicable accounting standards, are being submitted to the Supervisory Board for review and adoption on 20. March 2013. The Supervisory Board and – if submitted to the Annual Shareholders' Meeting – the shareholders may change these individual financial statements in a way that affects presentation of the consolidated financial statements too.

# 2. PREPARATION PRINCIPLES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards („IFRS“) as adopted by the EU as well as with the corporate law regulations that also have to be observed as specified by § 245a of the Austrian Corporate Code (UGB), including the interpretations issued by the International Financial Reporting Interpretations Committee that have to be applied as well.

The reporting currency is the euro, which is the functional currency of BDI - BioEnergy International AG too. Unless information to the contrary is provided, the figures quoted in the consolidated financial statements and in the explanatory notes have been rounded to the nearest thousand.

## Standards and interpretations applied for the first time in the fiscal year

The changes to the accounting standards over 31. December 2011 do not have any major impact on the consolidated financial statements.

## Newly published standards and interpretations

A number of new standards and changes to standards and interpretations have been published that have to be applied to fiscal years that begin after 1. January 2012. They have not been applied in advance in these financial statements. With the exception of the following, it is expected that they will not have any major impact on the Group.

Amendment to IAS 1 "Presentation of Financial Statements". The amendment stipulates that a distinction must be made in future in the statement of comprehensive income in the other comprehensive income between items of other comprehensive income that are and are not to be reclassified subsequently to profit or loss. The changes do not relate to the content of the other comprehensive income.

The aim of IFRS 13, "Fair Value Measurement", is to improve valuation continuity and to reduce complexity. A description is given of how fair value is to be defined, how valuation is determined and what information is to be provided. The regulations, which lead to an alignment of IFRS and US GAAP, do not extend the application area for fair value measurement; instead

of this, they explain how fair value is to be applied in the cases in which this is already required or allowed by standards.

IAS 19, "Employee Benefits", was amended in June 2011. The impact on the Group is explained as follows: past employment expenses are recognised immediately; the interest expenses and the anticipated income from plan assets are calculated net, taking the interest rate on which the defined-benefit commitment is based into account. The Group still has to determine the full impact of the changes.

IFRS 9, "Financial Instruments", deals with the classification, recognition and measurement of financial assets and financial liabilities. IFRS 9 was published in November 2009 and October 2010. This standard replaces the sections of IAS 39, "Financial Instruments: Recognition and Measurement", that deal with the classification and measurement of financial instruments. IFRS 9 specifies that financial assets are classified in two measurement categories: those measured at fair value and those valued at amortised cost. Classification is made at the time of initial recognition and depends on how the Group has managed its financial instruments as well as on what contractually agreed cash flows are associated with the financial

instruments. Most of the provisions in IAS 39 about financial liabilities have been maintained. The main change is that when the option of measurement at fair value is chosen, the changes in value attributable to the company's own credit risk are recognised in other comprehensive income rather than in the income statement, unless this leads to misrepresentation. The Group will probably be applying IFRS 9 at the latest in the fiscal year that starts on 1. January 2015. The Group will also be analysing the further phases of IFRS 9, as soon as they are approved by the IASB.

IFRS 10, "Consolidated Financial Statements", replaces the previous provisions included in IAS 27 and SIC 12 about control and consolidation. IFRS 10 concentrates on the introduction of a consistent consolidation model for all companies that focusses on control of the subsidiary by the parent company. The standard also contains additional guidance to assist in determination of whether control is exercised – particularly in difficult cases. The Group has not assessed the full impact of IFRS 10 yet and will be applying IFRS 10 at the latest in the fiscal year that starts on 1. January 2014.

IFRS 12, "Disclosure of Interests in Other Entities", consolidates the revised disclosure requirements of IAS 27 / IFRS 10, IAS 31 / IFRS 11 and IAS 28 in one

standard. The Group has not assessed the full impact of IFRS 12 yet and will be applying IFRS 12 at the latest in the fiscal year that starts on 1. January 2014.

There are no other standards or interpretations that are not mandatory yet and that would have a major impact on the Group.

The Management Board is working on the assumption that the above-mentioned standards and interpretations will not be applied in advance and that application of these standards will not have any major impact on the equity and earnings disclosed in the consolidated financial statements for the first year in which they are applied.

## Consistent criteria

Accounting and valuation within the Group are based on consistent criteria. As a fundamental rule, the principle of historical acquisition cost has been applied, with the exception of the accounting and valuation principles outlined in Note 4 „Accounting and valuation principles". The consolidated financial statements have been prepared on the assumption that the company will be continuing to operate.





### 3. CONSOLIDATED COMPANIES AND CONSOLIDATION PRINCIPLES

#### Consolidated companies

The companies consolidated are determined in accordance with IAS 27. Subsidiaries and equity interests are included for the first time at the time when they or the interests in them are acquired.

Companies on which the company exerts major influence directly or indirectly („associated companies“) are accounted for by the equity method.

Goodwill arising from acquisitions is not subject to scheduled depreciation; instead of this, it is subjected to an impairment test in accordance with IAS 36 on the basis of the recoverable amount of the cash-generating unit to which the goodwill is allocated. This impairment test must be carried out at least once a year or if internal or external indicators suggest that impairment has occurred.

The companies consolidated by BDI – BioEnergy International AG are as follows:

Name	Group interest	Method of inclusion
UIC GmbH, Alzenau	100%	Full consolidation
BDI do Brasil Participações Ltda., São Paulo	100%	Full consolidation
Enbasys GmbH, Grambach	100%*	Full consolidation
GKSH Beteiligungs-Management GmbH, Grambach	100%	Full consolidation
BDI & TECNAL Tecnologia em Biodiesel Ltda., São Paulo	45%	At equity
M&R Holding AG, Grambach	26%	At equity
M&R Industrial Solutions GmbH, Grambach	26%	1
M&R Automation GmbH, Grambach	26%	1
M&R Automation GmbH, Erfurt	26%	1
M&R Automation Canada Inc., Toronto	26%	1
AutomationX GmbH, Grambach	13.0%	1
automationX Deutschland GmbH, Hanover	13.0%	1
automationX (Schweiz) GmbH, Solothurn	10.4%	1
automationX Industrial Solutions Inc., Vancouver	2.47%	1
eposC process optimization GmbH, Grambach	13.0	1
Alicona Imaging GmbH, Grambach	12.74%	1
Alicona Corporation, Bartlett	12.74%	1
Alicona UK Ltd., Sevenoaks	12.74%	1
Alicona Korea Pacific Co. Ltd., Seoul	12.74%	1
Alicona SARL, Les Ulis	12.74%	1
VTU Holding GmbH, Grambach	25.0025%	At Equity
VTU Engineering GmbH, Grambach	25.0025%	2
VTU Technology Technologieentwicklungsgesellschaft m.b.H., Grambach	25.0025%	2
Deutsche VTU-Engineering GmbH, Frankfurt	25.0025%	2
VTU Energy GmbH, Grambach	15.0015%	2
Proionic GmbH, Grambach	17.5%	2
Excellence Gesellschaft für Wertschöpfung mbH, Ingelheim	7.82578%	2
VTU Engineering Italia Srl, Bolzano	25.0025%	2

1) Included via the consolidated financial statements of M&R Holding AG  
2) ) Included via the consolidated financial statements of VTU Holding GmbH  
\*) 70% direct interest in Enbasys GmbH, 30% indirect interest via GKSH Beteiligungs-Management GmbH

## 4. ACCOUNTING AND VALUATION PRINCIPLES

### Consolidation principles

The financial statements of the individual companies included were prepared to have the same qualifying date (31. December 2012) as the consolidated financial statements.

Capital consolidation is carried out by eliminating the acquisition costs (= book value) and the pro rata equity of the investment in question revalued at the time of acquisition.

Positive differences resulting from initial consolidation are capitalised as goodwill in accordance with IFRS 3, while negative differences resulting from initial consolidation that are due to a favourable purchase price are immediately posted to earnings. Companies in which the BDI Group holds an interest of more than 50% are consolidated in full if a controlling influence is exercised. The proportion of equity and earnings that is accounted for by external shareholders is shown separately in the consolidated balance sheet and the consolidated income statement.

Receivables and payables between companies that are consolidated in full are offset against each other in debt consolidation. Interim profits from internal deliveries of non-current assets and inventories within the Group are not eliminated since they are of minor importance.

All expenses and income from internal deliveries and services within the Group are offset against each other in the context of expense and income elimination.

Historical acquisition costs are the basis for valuation of intangible assets, tangible assets, inventories, receivables and payables.

The fair value on the balance sheet date is the standard for valuation of securities available for sale.

Irrespective of whether non-current assets are still being used in operations or are being held for sale, a review is made of tangible or intangible asset impairment in accordance with IAS 36 „Impairment of Assets“ whenever events or changes in circumstances indicate a reduction in value.

### Impairment of assets

There is no scheduled depreciation charge for assets with an indefinite useful life, such as goodwill; they are subjected to an annual impairment test.

The value of tangible or intangible assets is reduced whenever the book value is higher than the net proceeds of sale or value in use. The net proceeds of sale are the recoverable proceeds of sale after deduction of the costs that can be allocated directly to the sale. The value in use is calculated from the present value of the estimated net cash flows from use of the asset and its disposal value at the end of the useful life. For the impairment test, assets are combined at the lowest level for which cash flows can be identified separately (CGU). With the exception of goodwill, a review

if made on every balance sheet date of non-monetary assets for which an impairment charge has been made in the past to see if the impairment charge needs to be reversed. Impairments are shown in the „Depreciation“ item of the income statement.

### Intangible assets

Intangible assets are included at acquisition or production cost minus depreciation charged up to the balance sheet date. Depreciation is determined on the basis of the estimated useful lives by the straight-line method. The average useful life of these assets is 4 - 7 years.

### Development projects that have not been completed

Acquired and in-house development projects that have not been completed are capitalised. The intangible asset is depreciated over its useful life when development of the asset has been completed and it can actually be used. R&D projects that have not been completed are subjected to an annual impairment test and are stated at acquisition cost minus accumulated impairment charges.



## Research and development costs

Research costs are included as expenses as soon as they are incurred. Costs that are incurred in the context of development projects are capitalised as intangible assets if the following criteria are met:

Completion of the intangible asset is technically feasible, so that it will be available for use or sale;

The management intends to complete the intangible asset as well as to use or sell it;

The intangible asset can be used or sold;

It can be demonstrated how the intangible asset will generate a probable future economic benefit;

The availability of adequate technical, financial and other resources so that the development can be completed and the intangible asset can be used or sold;

It must be possible to calculate the value of the intangible asset – particularly the expenses attributable to it during development.

Other development costs that do not meet the above criteria are included as expenses as soon as they are incurred. Development costs previously included as expenses are not capitalised as assets in subsequent fiscal years. Capitalised development costs that have a limited useful life are depreciated by the straight-line method over the time of their expected use from the beginning of commercial production of the products in question.

The depreciation charge for the fiscal year is included in the depreciation of intangible and tangible assets item of the income statement.

If an impairment is determined that is not merely temporary, the relevant intangible assets are reduced to the recoverable amount. If and when the impairment no longer applies, a write-up is made to the recoverable amount, but at most to the value that is arrived at on application of the depreciation plan to the original acquisition or production costs.

## Impairment test for development projects that have not been completed yet

Present values are determined annually by applying the risk-adjusted DCF method in order to check whether there has been any impairment of the development projects that have not been completed yet.

The estimated pre-tax cash flow based on the company's long-term business model, the management's assessment of the likelihood that the relevant projects will prove to be successful (risk adjustment) and a pre-tax discount rate of 10% per year are the factors used to calculate the value in use.

The long-term business model covers a period of 5 years and therefore includes all the project-related cash flows of the relevant projects - not only in the development phase but also from the time of market entry to market exit (project life cycle).

The pre-tax discount rate of 10% per year is based on a risk-free interest rate of 2.5%, a market risk premium of 5.75% and a beta of 1.3%.

## Assumption change sensitivity

The calculations of value in use are extremely sensitive to the likelihood of project success and the discount rate. A discount rate of 10% per year is applied for these calculations. An increase in the pre-tax discount rate of one percentage point would lead to a valuation loss of € 1.145 million, with the fair value still positive.

## Tangible assets

The tangible assets items are included at acquisition or production cost minus depreciation charged up to the balance sheet date. Depreciation is determined on the basis of the estimated useful lives by the straight-line method. The estimated useful lives of these assets are:

Plant and machinery, EDP equipment	3 - 10 years
Buildings	80 years
Factory and office equipment	4 - 10 years

The depreciation charge for the fiscal year is included in the depreciation of intangible and tangible assets item in the income statement.

If an impairment is determined that is not merely temporary, the relevant tangible assets items are reduced to the recoverable amount. If and when the impairment

no longer applies, a write-up is made to the recoverable amount, but at most to the value that is arrived at on application of the depreciation plan to the original acquisition or production costs. Major remodelling is capitalised, while regular maintenance, repairs and minor remodelling are included in expenses at the time when they are carried out.

## Securities

Valuation of the securities available for sale was based on the market value. The market value of securities is determined from the stock exchange price on the balance sheet date. Realised profits and losses are included in income from securities, while unrealised profits and losses are included directly in equity and are not recognised in net profit.

## Financial assets accounted for by the equity method

The associated companies on which the company exerts major influence are accounted for by the equity method. In the equity method, the shares in associated companies are included initially at acquisition cost. After this, the book value of the shares increases or decreases according to the shareholders' share of the associated company's period earnings. The share of the shareholder in the performance of the associated company is included in its period earnings. Distributions received from the associated company reduce the book value of the shares.

On the balance sheet date, the company held 26% of the shares in M&R Holding AG (Austria), 25.0025% of the shares in VTU Holding GmbH (Austria) and 45% of the shares in BDI & Tecnal Tecnologia em BioDiesel Ltda. (Brazil).

## Inventories

Inventories are valued at the lower of acquisition or production cost and realisable net value.

## Production orders and revenue realisation

Provided that the requirements of IAS 11 are satisfied, production orders are accounted for by the percentage-of-completion method.

In accordance with this method, the production costs incurred plus a profit mark-up corresponding to the degree of completion are included in the receivables from production orders item and as sales. The percentage of completion is determined as a ratio of the expenses incurred to the anticipated total expenses (cost-to-cost method). When it is expected that losses will be made with orders, these losses are covered by provisions that are determined by taking the apparent risks into account. The prepayments received are deducted from the receivables from production orders. If the balance for a production order is negative as a result of this, this balance is included under liabilities as a prepayment received.

In the case of projects in which the order consists mainly of engineering with/without delivery of parts of the process equipment, the degree of completion is determined according to the value added by the service provided (milestone principle). This principle means that the progress made in the project and thus the sales and part of the profit are determined when a specified milestone has been reached.

## Receivables and other current assets

Receivables are stated initially at fair value and then subsequently at amortised cost. The collectibility of the items that still have to be paid at the end of the year is checked and an impairment charge is, if necessary, made in the case of bad debts. Uncollectible receivables are written off when it is determined that they are uncollectible.

## Liquid funds

Liquid funds consist of cash on hand and at banks and are stated at current values. The maximum investment period for time deposits is 3 months.

## Tax deferrals

Deferred tax assets and liabilities are determined for the respective assets and liabilities on the basis of the difference between the values in the consolidated financial statements and the values used in tax calculation, with the tax rates legally specified for the qualifying date of the financial statements for the year in which the differences are expected to be released being applied. Deferred tax assets and liabilities are netted out when the conditions stipulated in IAS 12.74 are met. Deferred tax assets are only included to the extent that it is probable that a taxable profit will be made against which the temporary difference can be offset.

The income tax expenditure (income tax credit) consists of the taxes actually paid and the deferred taxes. In the case of transactions included directly in equity, the income tax associated with them is included in equity rather than in the income statement too.

## Commitments from pension entitlements and similar commitments

The commitments about severance payments arise from promises of severance payments after the end of a specific period of service that are included in individual contracts. The size of the severance payments is determined by the final salary.

The commitments from pension entitlements are specified in defined-benefit pension schemes. The pension benefits are determined by the final salary and the number of years of service.

The commitments from promises of severance payments and the defined-benefit pension schemes are valued in accordance with IAS 19.

Actuarial profits and losses are included completely in the period in which they are incurred, in accordance with IAS 19.93A. As stipulated in the paragraphs 19.93B-93D, they are included separately from the period earnings in other comprehensive income.

The company is in addition obliged by law to pay 1.53% of pay into a staff provision fund for employees whose employment contracts are subject to Austrian law.



## Commitments in connection with employees' anniversaries

On the basis of provisions in collective agreements, BDI – BioEnergy International AG is obliged to make anniversary payments to employees once they have been working for the company for a specific period of time. These payments are determined by the employee's pay at the time when the relevant anniversary is reached. No assets have been removed from the company and no contributions have been made to a pension fund to cover these commitments. The anniversary payment provisions are valued in accordance with IAS 19 (interest rate 3,5%, previous year: 5.0%; salary increase 2.5%, previous year: 2.5%).

## Leasing contracts

Leasing contracts in which the lessor retains a major proportion of the risks and opportunities associated with ownership of the asset leased are classified as operating leasing contracts. The payments made in connection with an operating leasing contract are included in the income statement on a straight-line basis over the term of the leasing contract.

On the balance sheet date, the Group did not have any major leasing contracts relating to tangible assets in which BDI holds the main risks and enjoys the benefits of ownership of the asset leased that would have to be classified as finance leasing contracts.

## Dividend payments

The claims to dividend payments held by the shareholders are included as a liability in the period in which the relevant resolution is passed.

## Translation of foreign currencies

Receivables and payables in foreign currencies are valued at the exchange rate that applies on the qualifying date.

Transactions in foreign currencies are translated into the functional currency using the exchange rates applicable on the transaction date. Profits and losses that are made as a result of the implementation of such transactions and as a result of the translation of monetary assets and liabilities held in a foreign currency at the rate on the balance sheet date are included in the income statement.

The earnings and balance sheet items of all Group companies (except for those in countries with high inflation rates) that have a different functional currency than the euro are translated into euros as follows:

Assets and liabilities are translated at the rate applicable on each balance sheet date.

Income and expenses are translated at the average rate for each income statement (unless use of the average rate does not lead to an appropriately close correlation to the cumulative effects that would have resulted from translation at the rates applicable on the transaction dates; in such cases, income and expenses must be translated at the rates applicable on the transaction dates).

All translation differences are included in equity as a separate item in the revenue reserves.

## Public grants

Income from public grants paid as subsidies for expenses are included in the income statement in the period in which the corresponding expenses are incurred. The income from the subsidies is shown in the other operating income rather than being balanced with the expenses in the income statement.

## Accounts payable trade and other current liabilities

The fair value of the service received is determined at the time when the accounts payable trade are created. After this, these accounts payable are valued at current acquisition costs. Other accounts payable that do not result from the provision of products and services are included with their nominal amount.

## Financial instruments according to IAS 39 and IFRS 7

Financial assets and liabilities disclosed in the balance sheet include liquid funds, securities held as non-current assets, receivables and accounts payable trade, other receivables and other liabilities. Financial assets are included and eliminated on the date of trading. This is the day on which a financial asset is bought or sold, when the conditions of the contract stipulate provision of the financial asset within the period of time that is standard for the market in question.

Financial assets can be classified in the categories "financial assets held to maturity", "financial assets available for sale", "loans and receivables" and financial liabilities valued at current acquisition cost".

Financial assets are checked to determine whether there is any indication of impairment on every balance sheet date. Financial assets have been impaired when there is objective evidence that the anticipated future cash flows with the financial asset have changed negatively due to one or more events.

## Provisions

Provisions are made when the company has a legal or de facto commitment to a third party on the basis of a past event, when it is probable that this commitment will lead to an outflow of resources and when it is possible to make a reliable estimate of the size of the commitment. The provisions are included with the value that represents the best possible estimate of the expense that will be necessary to satisfy the commitment.

## Use of estimates

The preparation of financial statements in accordance with the IFRS requires the management to make certain estimates and assumptions that affect not only the figures included for assets, liabilities and equity but also the assessment of contingent assets and liabilities on the qualifying date for the financial statements as well as the income and expense items. The actual amounts may differ from these estimates.

All the estimates and assessments are subject to ongoing re-evaluation and are based on past experience and other factors, included expectations about future events that appear reasonable under the circumstances at the time.

## Goodwill impairment

In accordance with the accounting and valuation principle outlined in the explanatory note "Impairment of assets", the Group tests on an annual basis whether there has been any goodwill impairment. The recoverable amount of the CGU (cash-generating unit) is based on a calculation of its value in use – the present value that results from continued use of the asset.

It was determined that goodwill impairment of € 3.0 million had occurred with respect to Enbasys GmbH in the course of 2012, which led to depreciation of the book value of the BioGas segment cash-generating unit. If the EBIT budgeted for determination of the value in use for the BioGas segment had been 10% lower, the Group would have had to include additional goodwill impairment of € 84 000. If the discount rate before tax determined by the management and used as the basis for valuation of the BioGas segment had been 1% higher - 11.0% instead of 10.0% - the Group would have had to include additional goodwill impairment of € 70 000.

## Revenue realisation

Revenue generated by the provision of development services in the context of fixed-price contracts is accounted for on the basis of the percentage-of-completion method. According to this method, the Group determines the proportion of the total services that have to be provided which has already been provided by the balance sheet date.

## Pension benefits

The present value of the pension commitment depends on numerous different factors that are based on actuarial assumptions. The assumptions made in calculation of the net expenses (or income) for pensions include the discount rate. Any change in these assumptions has an impact on the book value of the pension commitment. The Group determines the appropriate discount rate at the end of each year. It is the interest rate that is used to determine the present value of the anticipated future cash flows required to honour the commitment. The Group bases its calculation of the discount rate on the interest rate of industrial bonds with the highest credit rating that are denominated in the currency in which the benefits are also paid and that have the same terms to maturity as the pension commitment.

Further major assumptions about pension commitments are based to some extent on market circumstances. More detailed information about this can be found in Note (21).

## Financial risk management

The company is exposed to various financial risks, including market risk, default risk, liquidity risk, currency translation risk and interest change risk. There are clear strategies for managing financial risks, which are specified and monitored by the Management Board on an ongoing basis. The objective of the risk management system is to minimise financial risks.

In order to detect these risks at an early stage, BDI has implemented a control management system, the main assignment of which is to identify risks early on while

they are still developing and to take countermeasures promptly. The main risks for the development of the company's operations in 2012 relate primarily to the company's dependence on the general development of the global economy and the finance markets as well as to the obtainment of major projects.

The monitoring and management of project and financial risks are important elements of the company-wide controlling and accounting system. The aim of ongoing controlling and regular reporting is to identify major risks very early on.





# RISK MANAGEMENT

## Financial risk factors

The company is exposed to various financial risks as a result of its business operations: market risk – which includes foreign currency translation risk, fair value interest rate risk, cash flow interest rate risk and price change risk – credit risk and liquidity risk. The company's general risk management system focusses on the unpredictability of the developments on the financial markets and aims to minimise potentially negative impact on the financial situation of the company.

The financial risks are managed by the finance department of the parent company under the supervision of the Management Board. The central finance department identifies, evaluates and controls financial risks. The Management Board submits reports about the status of the company's risk management systems, including financial risk management, to the audit committee of the Supervisory Board at regular intervals.

## Market risk

The company is exposed to standard price risks, for which it is not covered, in the market on which it operates.

## Foreign currency translation risk

The company operates internationally and is therefore exposed to a foreign currency translation risk that is attributable to the changes in the exchange rates of various foreign currencies. So far, this risk has been of minor importance to the company, however.

## Price change risk

The company is exposed to a price change risk with respect to securities, which depends on such factors as interest rate changes, credit margins, market liquidity and general economic conditions. The price change risk to which the company is exposed with respect to raw materials is minor. On the balance sheet date, a change in the market values of securities of one per cent would lead to an increase or decrease in other comprehensive income of € 231 000 (2011:€ 269 000).

## Cash flow and fair value interest rate risk

The company's cash flow is affected by changes in the market interest rate, because there are investments in

interest-bearing, non-derivative assets and liabilities with variable interest rates. The interest rate change risk is the risk arising from changes in the value of financial instruments, other balance sheet items and/or interest-related cash flows attributable to changes in market interest rates.

On the balance sheet date, the company had fixed-interest liquid funds of € 668 000 and variable-interest liquid funds of € 12.091 million. The company also had fixed-interest financial debt consisting of € 220 000 from the GKSH Beteiligungs-Management GmbH purchase price adjustment and € 433 000 from the adjustment of the purchase price with respect to VTU GmbH relating to the sale of the remaining 19% of the shares in Enbasys GmbH. The company values the fixed- and variable-interest securities at their fair value and not through profit or loss.

The company's interest rate risk is attributable mainly to investments in debt instruments - via direct or indirect investments in investment funds. Variable-interest securities involve the risk to the company of a change in cash flows. Fixed-interest securities represent a risk to the company of negative changes to the fair value.

It is the company's investment policy to keep a majority of the investments in variable-interest securities and – where investments are made in fixed-interest securities – to choose ones with a short remaining term to maturity.

Variable-interest financial debt exposes the company to a cash flow risk, which is compensated for again by variable-interest funds and financial assets. In the 2011 and 2012 fiscal years, the variable-interest investments of the company and the variable-interest financial liabilities were denominated in €.

The company analyses effects of interest rate changes on the income statement dynamically, on the basis of a previously defined change in the interest rate. The calculation only takes into account investments in financial assets available for sale and bank credit balances where interest plays a major role. A change of 0.25 per cent in the interest rates would have a positive / negative impact on earnings before taxes on the balance sheet date of € 28 000 (previous year:€ 54 000).

The possible influence of changes in the market interest rate on earnings and operating cash flow is limited by the specifications made in the company's investment policy. On 31. December 2012, the "financial instruments available for sale" held by the company consisted of floating rate notes, corporate bonds, bank debentures and investment funds which invest in short-term money market receivables, bonds and shares.

Credit risk

The company has bank accounts and securities at financial institutions with good credit ratings and uses credit ratings from such specialised rating agencies as Standard & Poor's, Moody's and Fitch to monitor the creditworthiness of these contractual partners. The company's investment policy limits the maximum credit risk amount for each financial institution. The company is also exposed to a debtor credit risk that is attributable to the small customer base. There are guidelines which make sure that contracts are only concluded with well-known, well-capitalised partners and/or for completely funded projects. If customers have completed independent rating exercises, the results of them are used. In the cases where such independent rating exercises have not been completed, the risk management staff determine the customer's credit rating by considering his financial position, past experience and further factors. Individual risk limits are set on the basis of internal and external ratings and in line with the specifications of the Management Board. The credit quality of the financial assets of the company is outlined in explanatory note (25).

Liquidity risk

The company's liquidity risk is limited to the amount of the financial liabilities. Liquidity bottlenecks can, however, occur when the operating cash flow is subject to fluctuations during the accounting period. The inflow of revenue is attributable primarily to a limited number of transactions relating to projects carried out with customers, whereas the product development operations regularly lead to large expenses.

Cautious liquidity management makes sure that adequate liquid funds and tradable securities are available to enable the ongoing operating expenses to be funded and market positions to be developed. Extraordinary conditions on the financial markets could, however, at times restrict the company in its ability to liquidate certain financial assets in practice.

The table below gives an analysis of the financial liabilities by maturity structure, based on the remaining term from the balance sheet date to the contractual end of the remaining term. The amounts in the table are the contractually agreed non-discounted cash flows.

31. Dezember 2012 € '000	Less than one year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Other liabilities	660	760	326	0
Accounts payable trade	7 054	0	0	0
	7 714	760	326	0

31. Dezember 2011 € '000	Less than one year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Other liabilities	1 235	265	168	793
Accounts payable trade	5 673	0	0	0
	6 908	265	168	793

The fair values and book values of the financial liabilities are outlined in explanatory note (25).

In order to control the liquidity risk, the company maintains sufficient cash reserves and invests mainly in securities that can be converted into money quickly. The company also diversifies its investments into securities from various categories of issuers as well as into government bonds, floaters and investment funds.

Derivative financial instruments and hedging operations

On the balance sheet date, the company did not have any derivative financial instruments.

Management of the capital risk

The company's general objectives in the capital management field are to continue the company's operations successfully and to make sure the investors enjoy financial benefits. In this context, the capital management activities focus on making sure that the company has the optimum capital structure and that the capital costs are reduced. The company is primarily financed internally at the present time. The company can issue new shares or sell assets to maintain the optimum capital structure. Capital management covers all equity components.



5. EXPLANATORY NOTES  
ABOUT THE CONSOLIDATED  
INCOME STATEMENT AND THE  
CONSOLIDATED STATEMENT  
OF COMPREHENSIVE INCOME

(1.) Sales and segment reporting

The decrease in sales in 2012 of 14.1 % to € 29.8 million is attributable to delays in order intake that are attributable to the more difficult market conditions in the BioDiesel segment.

Presentation of the segments is by areas of operation – segmentation - and regions - information about geographical areas:

Segments in 2012	Information about geographical areas in 2012
BioDiesel plant construction	Austria
Fine vacuum distillation	EU (excluding Austria)
BioGas plant manufacturing	Rest of the world

Segmentation by areas of operation corresponds to the internal reporting systems at BDI, UIC GmbH and Enbasys GmbH. Business transactions between these segments are carried out on an arm's length basis.

Segmentation by regions is based on the location of the customer. EBIT are also allocated in accordance with this criterion, with the fixed costs and depreciation being allocated in line with the earnings generated in the projects with customers.

Segmentation by areas of operation

1-12/2012 € '000	BioDiesel plant construction	Fine vacuum distillation	BioGas plant manufacturing	Group
Sales	18 207	6 609	4 961	29 777
EBIT	690	-283	-7 134*)	-6 727
Financial result	584	-42	-84	458
Shares in the earnings of associated companies	772	0	0	772
Depreciation	2 236	420	3 849	6 505
of which goodwill depreciation	0	0	3 000	3 000
Segment assets	61 012	9 772	4 199	74 983
Segment liabilities	20 289	1 966	2 074	24 329
Investments in tangible and intangible assets	2 130	42	0	2 172
Investments in associated companies	12 121	0	0	12 121
Employees	96	36	0	132

\*) Of which extraordinary items in the operating result of € 3.781 million

1-12/2011 € '000	BioDiesel plant construction	Fine vacuum distillation	BioGas plant manufacturing	Group
Sales	22 989	6 474	5 221	34 684
EBIT	4 518	700	-1 593	3 625
Financial result	580	11	-7	584
Shares in the earnings of associated companies	313	0	0	313
Depreciation	1 141	420	1 191	2 752
of which goodwill depreciation	0	0	1 000	1 000
Segment assets	67 638	9 713	8 827	86 178
Segment liabilities	23 510	2 178	5 512	31 200
Investments in tangible and intangible assets	2 627	56	1	2 684
Investments in associated companies	11 349	0	0	11 349
Employees	109	31	4	144

Information about geographical areas

1-12/2012 € '000	Austria	EU (exclu- ding Austria)	Rest of the world	Group
Sales	1 057	18 835	9 885	29 777
EBIT	-2 041	-2 749	-1 937	-6 727
Depreciation	926	4 764	815	6 505
Share in the earnings of associated companies	772	0	0	772
Book value of the assets	54 434	17 585	2 964	74 983
Liabilities	21 766	2 475	88	24 329
Investments in tangible and intangible assets	2 130	42	0	2 172

1-12/2011 € '000	Austria	EU (exclu- ding Austria)	Rest of the world	Group
Sales	1 803	16 452	16 429	34 684
EBIT	944	787	1 895	3 625
Depreciation	257	395	2 100	2 752
Share in the earnings of associated companies	313	0	0	313
Book value of the assets	70 715	14 006	1 457	86 178
Liabilities	19 763	8 958	2 479	31 200
Investments in tangible and intangible assets	2 628	56	0	2 684

(2.) Spending on material

The spending on material can be broken down as follows:

	2012 € '000	2011 € '000
Spending on material	13 488	15 112
Spending on services procured	5 546	2 064
	19 034	17 176

(3.) Other operating income

The other operating income can be broken down as follows:

	2012 € '000	2011 € '000
Charges	170	179
Insurance payments received	512	223
Income from research funding	1 287	1 436
Income from the release of allowances	59	1 118
Income from the release of provisions	13	20
Miscellaneous other income	677	1 848
	2 718	4 824

(4.) Personnel expenses

The personnel expenses can be broken down as follows:

	2012 € '000	2011 € '000
Wages and salaries	7 092	7 148
Severance payment expenses	115	121
Pension expenses	216	205
Mandatory social security expenses	1 749	1 780
Voluntary welfare expenses	127	252
	9 299	9 506

BDI had the following average number of employees in the fiscal years:

	2012	2011
Wage-earning employees	7	7
Salaried employees	133	136

Personnel expenses broken down according to wage-earning and salaried employees:

€ '000	2012	2011
Wage-earning employees	54	51
Salaried employees	9 245	9 455



Notes

Explanatory notes about the consolidated income statement and the consolidated statement of comprehensive income

(5.) Depreciation of intangible and tangible assets

The intangible and tangible assets depreciation charge of € 6.505 million (previous year: € 2.752 million) consisted of scheduled depreciation of € 1.435 million (previous year: € 1.647 million) and unscheduled depreciation of € 5.070 million (previous year: € 1.105 million).  
The unscheduled depreciation related to depreciation of the goodwill of Enbasys GmbH and capitalised development costs.

(6.) Other operating expenses

The other operating expenses include the expenses that relate to the business operations and do not have to be shown in a different item in accordance with the total cost method.

	2012 € '000	2011 € '000
Licences and commission	996	2 015
Travel expenses	943	949
Legal and consulting expenses	1 131	1 078
Insurance expenses	325	247
Rental and leasing expenses	961	925
Allowances	93	2 013
Miscellaneous expenses	1 930	1 529
	<b>6 379</b>	<b>8 756</b>

7. Research and development

The research and development expenses amounted to € 3.630 million in the fiscal year (previous year: € 5.671 million). They are included in the spending on material and services procured, the personnel expenses and the other operating expenses.

Notes

Explanatory notes about the consolidated income statement and the consolidated statement of comprehensive income

(8.) Earnings from associated companies

The earnings from associated companies of € 772 000 (previous year: € 313 000) related primarily to the at equity valuation of M&R Holding AG, Grambach, VTU Holding GmbH, Grambach, and BDI & TECNAL Tecnologia em BioDiesel Ltda., Brazil (see also note 13).

€ '000	M&R 2012	M&R 2011	VTU 2012	VTU 2011
<b>Earnings from associated companies</b>	<b>653</b>	<b>166</b>	<b>119</b>	<b>160</b>
Share of earnings	653	166	126	312
Release of hidden reserves	0	0	-7	-152

(9.) Income from securities and other interest, financing expenses

	2012 € '000	2011 € '000
Interest income and similar income from securities	701	584
Other interest and similar income	101	258
Interest expenses / pension provisions	-148	-120
Other interest and similar expenses	-196	-138
	<b>458</b>	<b>584</b>

	2012 € '000	2011 € '000
<b>Net profits or net losses with respect to:</b>		
Financial assets available for sale	639	584
Loans and receivables	47	224
Financial liabilities valued at current acquisition cost	-228	-224
	<b>458</b>	<b>584</b>

We refer to note (14) with respect to information about income from securities.

(10.) Taxes on income

Not only the current income tax expenses but also the income/expenses from the deferred taxes are included as income tax.

	2012 € '000	2011 € '000
Current income tax expenses:		
Relating to the current fiscal year	0	733
Relating to previous years	-11	36
	<b>-11</b>	<b>769</b>
Deferred taxes	-1 071	-386
	<b>-1 082</b>	<b>383</b>

Reconciliation of the calculated tax expenses in accordance with the legally stipulated corporation tax rate to the actual tax expenses is as follows:

	2012 € '000	2011 € '000
Earnings before taxes	-5 497	4 522
Income tax expenses at the 25% tax rate	-1 375	1 131
Tax-deductible item (research allowance)	-379	-1 088
Expenses that are not deductible	641	270
Deferred taxes not posted	47	20
Differences in tax rates	-5	14
Taxes from previous years	-11	36
<b>Actual tax expenses/income</b>	<b>-1 082</b>	<b>383</b>
<b>Actual tax expenses/income in %</b>	<b>19.7</b>	<b>8.5</b>

6. EXPLANATORY NOTES  
ABOUT THE CONSOLIDATED  
BALANCE SHEET

(11.) Intangible assets

	Capitalised development costs € '000	Goodwill € '000	Concessions, software and other intangible assets € '000	Total € '000
<b>Acquisition costs</b>				
1.1.2012	10 838	8 829	4 829	24 496
Additions	1 988	0	31	2 019
Disposals	0	0	-142	-142
31.12.2012	12 826	8 829	4 718	26 373
<b>Accumulated depreciation</b>				
1.1.2012	4 575	2 000	4 290	10 865
Additions	2 931	3 000	396	6 327
Disposals	0	0	-142	-142
31.12.2012	7 506	5 000	4 544	17 050
<b>Book value on 31.12.2011</b>	<b>6 263</b>	<b>6 829</b>	<b>539</b>	<b>13 631</b>
<b>Book value on 31.12.2012</b>	<b>5 320</b>	<b>3 829</b>	<b>174</b>	<b>9 323</b>

Goodwill of € 3.484 million is attributable to the acquisition of UIC GmbH, Alzenau, Germany, and is allocated to the fine vacuum distillation segment as the cash-generating unit. Goodwill at UIC GmbH was written down by € 1.000 million to € 2.484 million in 2010. Goodwill of

€ 5.345 million resulted from the acquisition of Enbasys GmbH, Grambach, Austria, which is allocated to the BioGas segment. Goodwill at Enbasys GmbH was written down by € 1.000 million in 2011 and by € 3.000 million to € 1.345 million in the year under review.



(12.) Tangible assets

	Land and buildings € '000	Plant and machinery € '000	Factory and of- fice equipment € '000	Total €'000
<b>Acquisition costs</b>				
1.1.2012	1 803	647	747	3 197
Additions	0	3	147	150
Disposals	0	-265	-179	-444
31.12.2012	1 803	385	715	2 903
<b>Accumulated depreciation</b>				
1.1.2012	89	544	454	1.087
Additions	23	30	125	178
Disposals	0	-264	-140	-404
31.12.2012	112	310	439	861
<b>Book value on 31.12.2011</b>	<b>1 714</b>	<b>103</b>	<b>293</b>	<b>2 110</b>
<b>Book value on 31.12.2012</b>	<b>1 691</b>	<b>75</b>	<b>276</b>	<b>2 042</b>

Operating leasing contracts

There are commitments from leasing and rental contracts for tangible assets that are not shown in the balance sheet. Expenses of € 961 000 (previous year: € 925 000) from leasing and rental contracts were included in the operating expenses for 2012. The future rental and leasing payments for vehicles and office premises can be broken down by years as follows:

	2012 € '000	2011 € '000
In the following year	833	863
In the following 2 - 5 years	3 224	3 401
<b>Total</b>	<b>4 057</b>	<b>4 264</b>

(13.) Investments in associated companies

The following investments were valued by the equity method in the consolidated financial statements

€ '000	31.12.2012	31.12.2011
VTU Holding GmbH (Austria)	7 390	7 271
M&R Holding AG (Austria)	4 731	4 078

The equity valuation of BDI & TECNAL Tecnologia em BioDiesel Ltda., Brazil, is not described in detail because it is of minor importance. The balance sheet date on which M&R Holding AG, Grambach, prepares its consolidated financial statements is 31. March. Consolidated interim financial statements in accordance with IFRS as per 31. December 2012 were prepared for the M&R Holding AG Group for the purposes of at equity valuation. The consolidated financial statements of VTU Holding AG, Grambach, as per 31. December 2012 form the basis for the at equity valuation of the company.

The economic data about the investments are as follows:

	VTU € '000	M&R € '000
Assets	21 450	38 806
Equity <sup>1</sup>	10 763	10 308
Liabilities	10 688	28 499
Sales	32 672	51 228 <sup>2</sup>
Period earnings	501	2 272 <sup>2</sup>

<sup>1</sup> Including non-controlling interest

<sup>2</sup> 1.4.2012 - 31.12.2012

(14) Securities

€ '000	Acquisition costs	Write-downs/-ups posted to profit/loss	Book value 31.12.2011	Book value 31.12.2011
Securities	21 780	0	23 061	26 903

The securities consist of shares in various investment funds, near money market floater, money market fund and bank debentures and are valued at stock market prices. The average actual yield is based on a standard formula that does not take account of price differences of securities in the portfolio or of the average term of the securities.

2012 € '000	Market value / book value	Average actual yield in %	Income in the fiscal year
Shares (AfS)	963	4.67	39
Equity funds (AfS)	705	-10.79	-69
Floater (HtM)	2 557	3.19	80
Bank debentures (HtM)	1 882	11.12	211
Money market fund (AfS)	259	-1.18	-3
Investment funds (AfS)	1 507	0.05	1
Certificates (AfS)	87	10.31	10
Corporate bonds (AfS)	1 738	1.49	26
Pension funds (AfS)	13 363	3.29	406

2011 € '000	Market value / book value	Average actual yield in %	Income in the fiscal year
Shares (AfS)	292	0.28	1
Equity funds (AfS)	360	0.00	0
Floater (HtM)	472	1.01	50
Bank debentures (HtM)	10 309	2.47	256
Money market fund (AfS)	1 189	0.39	39
Investment funds (AfS)	1 309	0.51	7
Certificates (AfS)	0	-0.11	-1
Corporate bonds (AfS)	503	0.31	2
Pension funds (AfS)	12 469	2.24	230

AfS      Available-for-Sale Financial Assets      Securities that can be sold at any time

The securities were valued individually to determine the price gains and losses.

(15) Inventories

This item includes work in progress, raw materials, auxiliary materials and factory supplies worth € 1.240 million (previous year: € 1.718 million).

(16) Receivables and other assets

	31.12.2012 € '000	31.12.2011 € '000
Receivables from production orders and associated companies	12 576	9 176
Other receivables and assets	1 861	3 335
<b>Total</b>	<b>14 437</b>	<b>12 511</b>

There were no overdue accounts receivable trade for which an impairment charge had been made on the balance sheet date. Allowances of € 458 000 (previous year: € 2.308 million) had been made for accounts receivable trade on this date.

The receivables from production orders include:

	31.12.2012 € '000	31.12.2011 € '000
Receivables from projects handed over	4 049	5 425
Receivables from current projects	8 985	6 059
minus: allowances for bad debts	-458	-2 308
<b>Total</b>	<b>12 576</b>	<b>9 176</b>

Receivables from current projects are balanced with prepayments of € 21.343 million (previous year: € 25.785 million) received from project customers.

	31.12.2012 € '000	31.12.2011 € '000
Production orders		
Sales generated in the period under review	29 777	34 684
Costs incurred in the period under review	26 528	23 632
Prepayments received	-21 343	-25 785



The other receivables include:

	31.12.2012 € ,000	31.12.2011 € ,000
Payments on account made to suppliers	539	1 278
Credit balances with domestic and foreign tax authorities	105	435
Miscellaneous other receivables	1 028	1 568
<b>Total</b>	<b>1 672</b>	<b>3 281</b>

## (17) Liquid funds

Liquid funds consist of cash on hand as well as immediately available credit balances and time deposits at banks that are available at short notice.

The average interest rate paid for the credit balances at banks on 31. December 2012 amounted to about 0.9% (previous year: about 1.4%).

## (18) Equity

The share capital amounts to € 3.800 million and is divided up into 3.8 million bearer shares with no par value.

The dividend payment of € 0.25 per ordinary share that was approved at the 6th Annual Shareholders' Meeting held on 15. May 2012 was made on 25. May 2012.

### Capital risk management

The Group controls its capital with the aim of maximising the income from its business operations and corporate investments. Care is taken in this context to make sure that all the Group companies can work on the basis of continuing operation.

The capital structure of the Group consists of debt, liquid funds and equity, to which the shareholders are entitled. The equity consists of the shares issued, the capital reserves and the revenue reserves - as indicated in the consolidated statement of changes in equity.

### Shares

The shares grant the standard rights to which shareholders are entitled in accordance with the Austrian Companies Act. They include the right to payment of the dividend agreed by the shareholders' meeting on the basis of the individual financial statements of the company prepared according to Austrian law (UGB) as well as to the exercising of the right to vote at the shareholders' meeting. The retained loss according to UGB amounted to € 0.0 million on 31. December 2012 (previous year: € 1.6 million). Earnings per share amounted to € -1.16 (previous year: € 1.09).

### Capital reserves

The capital reserves involve the premium from the capital increase in the context of the IPO at Frankfurt Stock Exchange minus the costs of the IPO, which have to be included in the capital reserves rather than in the income statement after deduction of the deferred taxes in accordance with the IFRS rules.

### Revenue reserves

The breakdown of the revenue reserves is as follows:

	31.12.2012 € '000	31.12.2011 € '000
Adjustment item for securities	960	173
Gross	1 281	231
minus deferred taxes	-321	-58
Adjustment item for actuarial profits and losses for pension and other commitments	1 383	1 140
Gross	1 843	1 519
minus deferred taxes	-460	-379
Impact of the adaptation of the financial statements to the IFRS rules and accumulated retained earnings from the previous years	15 157	11 945
<b>Total</b>	<b>17 500</b>	<b>13 258</b>

### Expenses and income not affecting operating result

€ 1.050 million (previous year: € 146 000) from the valuation of the securities (available for sale) not affecting operating result, € 324 000 (previous year: € 852 000) from the actuarial losses relating to the pension and similar commitments and the corresponding deferred taxes of € -344 000 (previous year: € -250 000) were included directly in equity in the fiscal year instead of in the income statement.

with the exception of differences relating to goodwill, which is not relevant from the tax point of view. The tax advantage of losses carried forward that have not yet been used also has to be taken into account, to the extent that use of them is probable.

Deferred tax assets and liabilities are shown as a balance per taxpayer.

Deferred tax assets of € 95 000 (previous year: € 378 000) arising from temporary differences in connection with investments in associated companies were not included.

## (19) Deferred taxes

In accordance with IAS 12, deferred tax assets and liabilities have to be formed for all differences between the applicable tax rates and the balance sheet items,

Notes

Explanatory notes about the consolidated balance sheet

The deferred taxes relate to the following balance sheet items:

	Deferred taxes / assets € '000	Deferred taxes / liabilities € '000
<b>As per 31.12.2012</b>		
Intangible assets	0	-1 354
Tangible assets	0	-369
Financial assets	270	-320
Provisions for severance payments	18	0
Pension provisions	159	-207
<b>Non-current items</b>	<b>447</b>	<b>-2 250</b>
Inventories	1 726	0
Accounts receivable trade	0	-2 261
Receivables and other assets	0	-135
Receivables from associated companies	227	410
Miscellaneous provisions and deferrals	745	0
Liabilities	0	-3 004
Loss carryforward	910	-127
<b>Current items</b>	<b>3 608</b>	<b>-5 117</b>
<b>TOTAL</b>	<b>4 055</b>	<b>-7 367</b>
<b>Settlement</b>	-4 055	4 055
	<b>0</b>	<b>-3 312</b>

Notes

Explanatory notes about the consolidated balance sheet

	Deferred taxes / assets € '000	Deferred taxes / liabilities € '000
<b>As per 31.12.2011</b>		
Intangible assets	0	-1 684
Tangible assets	0	-367
Financial assets	263	-58
Provisions for severance payments	53	0
Pension provisions	95	-202
<b>Non-current items</b>	<b>411</b>	<b>-2 311</b>
Inventories	1 436	0
Accounts receivable trade	0	-1 525
Receivables and other assets	0	-333
Receivables from associated companies	746	410
Miscellaneous provisions and deferrals	496	-41
Liabilities	0	-3 695
Loss carryforward	840	-473
<b>Current items</b>	<b>3 518</b>	<b>-5 657</b>
<b>TOTAL</b>	<b>3 929</b>	<b>-7 967</b>
Settlement	-3 929	3 929
	<b>0</b>	<b>-4 039</b>
<b>Change in 2012</b>		
Included directly in equity	-344	
Included via income tax	1 071	
	<b>727</b>	



(20) Provisions for severance payments

Commitments to provide severance payments after the end of individual employment contracts have been made at BDI - BioEnergy International AG. The commitments are not covered by specific assets or employers' liability insurance.

The most important of the assumptions made are:

Actuarial parameters in %	2012	2011
Interest rate p.a.	3.5	5.0
Salary increases p.a.	0.0	2.5

The calculation was made on the basis of the Pagler mortality tables „AVÖ-2008-P ANG“. The assumed pension age was 65 and 67 years.

The following amounts were included in the income statement with reference to these commitments:

	2012 € '000	2011 € '000
Current employment expenses	18	37
Interest expenses	5	31
	23	68

The current employment expenses are included in the personnel expenses as expenses for severance payments, while the interest expenses are shown in the financial result.

The present value of the commitments to provide severance payments developed as follows:

	2012 € '000	2011 € '000
<b>Present value of the commitment (DBO) on 1.1.</b>	<b>211</b>	<b>626</b>
Current employment expenses	18	38
Interest expenses	5	31
Payments	-115	0
Actuarial profits / losses	-49	-484
<b>Present value of the commitment (DBO) on 31.12.</b>	<b>70</b>	<b>211</b>

The severance payment commitment relates to the two former members of the Management Board (Wilhelm Hammer and Helmut Gössler). The rights to severance payments held by the company's employees have been transferred to a staff provision fund.

(21) Provisions for pensions

BDI - BioEnergy International AG has a defined-benefit pension scheme, which provides pension benefits on the basis of the number of years of service and the salary / wages paid to the employees who are members of the scheme. The commitments are not covered by specific assets or employers' liability insurance.

A pension age of 67 years is assumed in the BDI - BioEnergy International AG pension scheme. The calculation was made on the basis of the Pagler mortality tables „AVÖ-2008-P ANG“.

The most important of the assumptions made are:

Actuarial parameters in %	2012	2011
Interest rate p.a.	3.5	5.0
Salary increases p.a.	0.0	2.5
Pension increases p.a.	0.0	1.5

The following amounts were included in the income statement with reference to these commitments:

	2012 € '000	2011 € '000
Current employment expenses	183	203
Interest expenses	138	89
	321	292

The current employment expenses are included in the personnel expenses as pension expenses, while the interest expenses are shown in the financial result.

The present value of the commitments made in the defined-benefit pension schemes developed as follows:

	2012 € '000	2011 € '000
<b>Present value of the commitment (DBO) on 1.1.</b>	<b>1 901</b>	<b>1 977</b>
Current employment expenses	183	203
Interest expenses	138	89
Actuarial profits / losses	-275	-368
<b>Present value of the commitment (DBO) on 31.12.</b>	<b>1 947</b>	<b>1 901</b>

(22) Other provisions

The company’s other provisions for the 2012 fiscal year can be broken down as follows:

€ ‘000	01.01.	Required / released	Added	31.12.	of which current	of which non-current
Anniversary payments	127	0	36	163	0	163
Warranties	4 211	2 722	1 765	3 254	2 686	568
Anticipated losses	730	275	955	1 410	1 410	0
<b>Total provisions</b>	<b>5 068</b>	<b>2 997</b>	<b>2 756</b>	<b>4 827</b>	<b>4 096</b>	<b>731</b>

The provision for warranties includes costs incurred for services provided after the plants have been taken over and is calculated on the basis of estimates of the anticipated outflow of funds.

No further details are provided here in view of the minor impact on asset, financial and earnings development.

(23) Deferrals

The company’s deferrals for the 2012 fiscal year can be broken down as follows:

€ ‘000	01.01.	Required / released	Added	31.12.	of which current
Legal and consulting expenses	250	193	102	159	159
Holiday entitlements	311	120	185	376	376
Commission and licences	741	495	965	1 211	1 211
Uncharged expenses / projects handed over	2 029	1 346	488	1 171	1 171
Bonuses	961	961	314	314	314
Restructuring	0		196	196	196
Miscellaneous	147	130	629	646	646
<b>Total deferrals</b>	<b>4 439</b>	<b>3 245</b>	<b>2 879</b>	<b>4 073</b>	<b>4 073</b>

The deferral for commission and licences is based on allocation of these items in accordance with the duration of the projects.

(24) Liabilities

	31.12.2012 € '000	31.12.2011 € '000
Prepayments received	905	6 204
Accounts payable associated companies	18	113
Accounts payable trade	7 036	5 560
Tax liabilities	74	729
Miscellaneous liabilities	2 067	2 936
<b>Total</b>	<b>10 100</b>	<b>15 542</b>

€ 905 000 of the prepayments received (previous year: € 6.204 million) were prepayments received from customers, which could not be deducted in assets from the corresponding receivables from production orders in accordance with IAS 11.

Tax liabilities of € 74 000 (previous year: € 729 000) are attributable primarily to one item from the last tax investigation.

The miscellaneous liabilities include:

	31.12.2012 € '000	31.12.2011 € '000
Purchase price adjustment	653	793
Research funding loans	433	433
Liabilities to district health insurance funds	128	156
Tax liabilities	73	140
Other liabilities	780	1 414
<b>Total</b>	<b>2 067</b>	<b>2 936</b>

The purchase price adjustment of € 653 000 (previous year: € 793 000) indicates the fair value of a sales-based consideration for the acquisition of shares in Enbasys GmbH.

The research funding loans of € 433 000 have a fixed interest rate averaging 2.3%; the market value of the liability is approximately the same as the book value and the liability is due in 2 to 3 years.



(25) Information about  
financial instruments

	IAS 39 clas- sification category	Book value 31.12.2012	Current acquisition cost	Acquisition cost	Fair value recognised in equity	Fair value 31.12.2012
Assets						
Securities held as non-current assets	AfS	23 061	0	21 780	1 281	23 061
Receivables from production orders	LaR	12 576	12 576	0	0	0
Other receivables and assets	LaR	1 861	1 861	0	0	0
Liquid funds	LaR	12 759	12 759	0	0	0
Equity and liabilities						
Accounts payable trade	FLAC	7 054	7 054	0	0	0
Other liabilities	FLAC	1 746	1 746	0	0	0

	IAS 39 clas- sification category	Book value 31.12.2011	Current acquisition cost	Acquisition cost	Fair value recognised in equity	Fair value 31.12.2011
Assets						
Securities held as non-current assets	AfS	26 903	0	26 672	231	26 903
Receivables from production orders	LaR	9 176	9 176	0	0	0
Other receivables and assets	LaR	3 335	3 335	0	0	0
Liquid funds	LaR	17 956	17 956	0	0	0
Equity and liabilities						
Accounts payable trade	FLAC	5 673	5 673	0	0	0
Other liabilities	FLAC	2 461	2 461	0	0	0

AfS

FLAC

LaR

Available-for-Sale Financial Assets

Financial Liabilities Measured at Amortised Cost

Loans and Receivables

Securities that can be sold at any time

Fair value measurements

The following table shows an analysis of the financial instruments that are allocated to fair value levels 1 to 3 following initial valuation, depending in each case on the extent to which the fair value can be measured.

**Level 1:** fair value that can be determined on the basis of current prices (without adjustment) in active markets for identical asset or liability categories.

**Level 2:** fair value that cannot be determined on the basis of current prices (without adjustment) in active mar-

kets for identical asset or liability categories but can be determined on the basis of other external parameters and that can be observed directly (e.g. as prices) or indirectly (e.g. based on prices) for the identical asset or the identical liability.

**Level 3:** fair value that can be determined on the basis of valuation procedures. They include factors for the identical asset or the identical liability that are not based on observable market data (factors that cannot be observed).

31. Dezember 2012 € '000	Level 1	Level 2	Total
Financial assets available for sale			
Bank bonds, corporate bonds	6 436	0	6 436
Investment funds	11 614	3 961	15 575
Others	963	87	1 050
Financial assets available for sale	19 013	4 048	23 061

31. Dezember 2011 € '000	Level 1	Level 2	Total
Financial assets available for sale			
Bank bonds, corporate bonds	1 503	9 781	11 284
Investment funds	12 191	3 136	15 327
Others	292	0	292
Financial assets available for sale	13 986	12 917	26 903

There were no reclassifications of the securities shown in the previous year, so there were no shifts between levels 1 and 2.

Credit quality of financial assets

The credit quality of financial assets that are neither overdue nor impaired can be evaluated by reference to external ratings (if they are available) and by historical information about default quotas of business partners:

	31.12.2012 € '000	31.12.2011 € '000
Cash and short-term investments		
A	7 723	12 111
Business partners for whom no external ratings <sup>1</sup> are available or the rating is below A	5 036	5 845
Cash and short-term investments	12 759	17 956
Financial assets available for sale		
A	6 036	5 081
Business partners for whom no external ratings <sup>2</sup> are available	17 025	21 822
Financial assets available for sale	23 061	26 903

The rating information relates to the long-term credit ratings published by Standard & Poor's.

<sup>1</sup>1.641 million (previous year: € 4 338 million) relate to Österreichische Volksbanken-Aktiengesellschaft, € 904 000 (previous year: € 574 000) relate to Raiffeisenlandesbank Oberösterreich Aktiengesellschaft and € 2.200 million relate to Sparkasse Aschaffenburg.

<sup>2</sup>Investments on the qualifying date were made via UniCredit Bank Austria AG, Deutsche Bank and Bankhaus Krentschker & Co. Aktiengesellschaft. Both UniCredit Bank Austria AG and Deutsche Bank had a Standard & Poor's rating of "A" on the qualifying date Bankhaus Krentschker & Co. Aktiengesellschaft did not have a rating.

7. EXPLANATORY NOTES ABOUT THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement is based on the indirect method. The cash and cash equivalents include not only the cash on hand and credit balances at banks but also time deposits of € 668 000 million (previous year: € 5.430 million).

Interest payments of € 681 000 (previous year: € 804 000) are shown in the net cash flow from operating activity.

Reclassifications of liquid funds to securities are included in the cash flow from investing activity.

8. MISCELLANEOUS INFORMATION

Contingent liabilities

The company did not have any contingent liabilities on 31. December 2012.

Domestic banks had assumed guarantees for prepayments, contract performance and warranty commitments for the company on the balance sheet date. Bank credit balances of € 668 000 million (previous year: € 1.410 million) were pledged as security for such guarantees.

Unsettled legal disputes

On 31. December 2012, there were no legal disputes that would have had a major impact on the annual financial statements.

Business transactions with related parties

The related parties include the shareholders, the associated companies and the members of the boards of BDI - BioEnergy International AG.

The scope of the mutual supplies and services was as follows: Supplies and services charged to BDI:

€ '000		1-12/2012	1-12/2011
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Rent, research and development expenses	779	798
VTU Holding GmbH and subsidiaries	Planning services, licences	625	783
M&R Holding AG and subsidiaries	Supplies and services	347	369
Griss & Partner	Legal and tax consultancy	52	77
Supervisory Board members	Supervisory Board compensation	54	53
Mr Hammer, Mr Gössler, Dr Koncar	Licence and patent fees, consulting services	635	787

The compensation paid to the members of the Management Board can be broken down as follows:

€ ,000	1-12/2012	1-12/2011
Salaries and other current benefits	503	937
Benefits after termination of the employment contract	0	360
Share-based compensation	0	0
Management compensation	503	1 297



A pension provision of € 1.947 million (2011: € 1.901 million) and a severance payment provision of € 70 000 (2011: € 211 000) for former members of the Management Board and their relatives were made in 2012. The current annual expenses amounted to € 344 000 in 2012 (previous year: € 360 000). BDI AG obtained D&O insurance coverage for 2012. The costs are paid by the company. The D&O insurance policy covers certain personal liability risks of senior BDI Group staff. The annual costs amount to about € 11 000.

Supplies and services charged by BDI:

€ ,000		1-12/2012	1-12/2011
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Administration, supplies	129	149
VTU Holding GmbH and subsidiaries	Services	23	55

All the supplies and services were provided at standard market rates. There were no major outstanding receivables from or liabilities to related parties on 31. December 2012. 25.0025% of VTU Holding GmbH, Grambach, in which Dr Koncar holds an interest of 18.34%, were acquired as per 1. January 2008.

Auditors' expenses

The auditors' expenses amounted to € 65 000 and can be broken down into the following assignments:

€	2012	2011
Auditing of the consolidated financial statements and financial statements	46 500	46 500
Other assurance services	8 500	8 500
Other services	10 000	15 000
	65 000	70 000

Events after the balance sheet date

No events of major significance that require disclosure have occurred since the consolidated financial statements about the year that ended on 31. December 2012 were compiled.

9. PARENT COMPANY BOARDS

Supervisory Board

Dr Gunter Griss (Chairman of the Supervisory Board)  
Mr Werner Schuster (Deputy Chairman of the Supervisory Board)  
Dr Michael Koncar  
Dr Hubert Zankel

Management Board

Ms Dagmar Heiden-Gasteiner, MBA (CFO)  
Mr Markus Dielacher, MSc (CTO)  
Dr Edgar Ahn (CSO)

Shares owned by parent company board members

	Number of shares
Ms Heiden-Gasteiner	5 000
Mr Dielacher	5 000
Dr Edgar Ahn	5 000
Dr Griss	0
Mr Schuster	0
Dr Koncar	0
Dr Zankel	200

Grambach, am 14. March 2013

The Management Board:

  
Dr Edgar Ahn

  
Dagmar Heiden-Gasteiner, MBA

  
Markus Dielacher, MSc



# ASSURANCE BY THE LEGAL REPRESENTATIVES

**Assurance by the legal representatives in accordance with § 37y No. 1 of the Securities Trading Act in connection with §§ 297 Paragraph 2 Sentence 3 and 315 Paragraph 1 Sentence 6 of the Commercial Code**

We confirm to the best of our knowledge that the consolidated financial statements comply with the accounting principles which have to be applied and communicate a true and fair picture of the Group asset, financial and earnings development, that the consolidated management report presents the development of the business, including the business results and the situation of the Group, in such a way that a true and fair picture is communicated and that the main opportunities and risks of the probable development of the Group are outlined.

**Assurance in accordance with § 82 Paragraph 4 Section 3 of the Austrian Stock Exchange Act**

We confirm to the best of our knowledge that

- a) the consolidated financial statements comply with the relevant accounting standards and communicate as faithful a picture as possible of the asset, financial and earnings development of the Group, that
- b) the consolidated management report presents the development of the business, the business results and the situation of the Group in such a way that as faithful a picture as possible is communicated of the asset, financial and earnings development of the Group and that
- c) the consolidated management report presents the main risks and uncertainties to which the Group is exposed.

The Management Board of BDI AG

Grambach, 14. March 2013



# AUDIT REPORT

We draw attention to the fact that the English translation of this auditor's report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of BDI – BioEnergy International AG, Grambach, for the fiscal year from January 1 to December 31, 2012. These consolidated financial statements comprise the consolidated balance sheet as of Decem-

ber 31, 2012, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2012, and the notes to the consolidated financial statements.

**Management's Responsibility for the Consolidated Financial Statements and for the Accounting System**

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial

statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility and Description of Type and Scope of the Statutory Audit**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated

financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2012 and of its financial performance and its cash flows for the fiscal year from January 1 to December 31, 2012 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

**Comments on the Management Report for the Group**

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section § 243a UGB (Austrian Commercial Code) are appropriate. In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section § 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 14. March 2013

PwC Wirtschaftsprüfungs GmbH  
Wirtschaftsprüfungs- und  
Steuerberatungsgesellschaft

Signed: Mr. Werner Krumm  
Austrian Certified Public Accountant

# FINANCIAL CALENDAR

28.03.2013	Publication of the annual report
14.05.2013	Interim statement
15.05.2013	2013 Annual Shareholders' Meeting, Graz
13.08.2013	Interim report about the 2nd quarter of 2013
14.11.2013	Interim statement





Forward-looking statements

This document contains forward-looking statements that are based on the current assumptions and assessments of the corporate management of BDI – BioEnergy International AG.

Forward-looking statements are indicated by the use of such words as expect, intend, plan, anticipate, assume, believe, estimate etc. These statements may not be taken as guarantees that these expectations will prove to be correct. Future developments and the results actually achieved by both BDI – BioEnergy International AG and the companies affiliated with it depend on a number of risks and uncertainties and may therefore deviate substantially from the forward-looking statements.

Some of these factors are outside the control of BDI – BioEnergy International AG and cannot be predicted precisely, e.g. the future economic environment as well as the action taken by competitors and other market players. There are no plans to update the forward-looking statements and BDI – BioEnergy International AG has not committed itself to do so.

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This annual report was published in German and English on 28. March 2013 and can be downloaded from our website.

Please do not hesitate to contact us if you have any questions.

Imprint

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